6280
G

Management RECORD

Nov. 1958 • Vol. XX • No. 11

- Annual Christmas Bonus Survey
- Executive Death Benefits
- Pitfalls in Conference Leading
- The Contract Bar Doctrine

NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

CONTENTS

SPECIAL ARTICLES

REGULAR FEATURES

Management Record is prepared by

Division of Personnel Administration: S. Avery Raube, Director; Harold Stieglitz, Assistant Director; Marie P. Dorbandt, Harland Fox, Stephen Habbe, Nelson R. Jantzen, Nicholas L. A. Martucci, Mitchell Meyer, George V. Moser, J. Roger O'Meara, Pauline Reece, Geneva Seybold, Audrey Stahl, Doris M. Thompson, N. Beatrice Worthy.

Division of Consumer Economics: Frank Gaston, Director; Theodore R. Gates, Assistant Director; Zoe Campbell, Harry S. Denning, Phoebe F. Gallen, Leona D. Lewis, Leni B. Rumel, Leo B. Shohan.

Editorial Staff: Aileen Kyte, Barbara Zacharias. **Charts:** Paulette le Corre Lydon, Madeleine Briskin, Rosanne W. Reilly, Ramon J. Rodriguez, J. Anthony Sayago, Margaret Whittaker.

Management Record

November, 1958

Vol. XX, No. 11

• In the Record •

The Christmas Bonus

What happens to the Christmas bonus in a business recession? Is there a high percentage of discontinuances when times are sticky—because companies are quick to point out that the bonus is often directly geared to the firm's prosperity. Based on the Board's annual survey of bonus plans in 110 companies, the answer seems to be that the Christmas bonus has excellent staying power, despite any general economic sluggishness. As of September, roughly two-thirds of the firms surveyed planned to give the same bonus in 1958 that they gave in 1957. And the rest of the companies had not decided on their bonus plans as of that date.

In the story starting on the next page, the Christmas bonus is examined in terms of who gets it as well as the variety of ways in which it may be calculated. Specific bonus formulas used by various companies are outlined; these range from a simple flat-sum amount given to all employees to graduated amounts based on length of service or income level.

• • •

Executive Death Benefits

Not so many years ago, provision for a man's family in the case of his death was a private affair. It was his personal responsibility to carry the insurance or accumulate the savings that would take care of his widow and any dependent children. Today, most employers share with the individual the responsibility for providing adequate death benefits. Such benefits are the most common fringe, both at the executive level and lower down the line.

In the second article on executive fringes in a series appearing in the *Management Record,* death benefits are examined in forty pilot-study companies. Not only is group life insurance found in every one of these forty companies, but other methods are also used to provide income to an executive's widow. Special accidental death benefits, salary continuation, and various retirement plan benefits are found in many of these companies. The article starting on page 378 examines death benefits for the executive in the \$15,000, \$25,000, \$35,000, \$50,000 and \$100,000 salary brackets.

• • •

Vacations for Exempt Supervisors

The concept of "two weeks off with pay" gained its first great impetus about fifteen years ago. Since then rank-and-file employees have increased their vacation benefits in many companies. But how has the first-line supervisor fared? Does he receive longer vacations than the men he supervises? Does he receive more vacation pay?

A recent Conference Board survey of 363 companies reveals that many supervisors receive proportionately less vacation pay than nonexempt workers under them. In companies where vacation pay is based on gross annual earnings, the hourly worker may come out ahead of his supervisor, who is exempt from overtime provisions.

On the other hand, in those companies where first-line supervisors are treated vacation-wise as part of the management group, they may get more time off than long-service rank-and-file workers.

The article starting on page 386 discusses these and other variations in vacation practices for exempt supervisors.

• • •

Avoiding Pitfalls in Conference Leading

Many of us unconsciously confuse leading with dominating. The "leader" is almost automatically expected to tell the "followers" what to do or even what to think. But a different kind of leader is being recognized today. His primary task is to get each member of the group to think for himself, to awaken each individual to new creative possibilities within himself. And the last thing this leader should do if he is to achieve these goals is to dominate group members.

Yet with all this in mind, the supervisor or executive who calls his people to a meeting to get their ideas and suggestions on how to solve some problem may quite unwittingly prevent the very thing he desires. He may dominate the group without even realizing what he is doing.

In the article starting on page 374, the author points out seven pitfalls that should be avoided if the leader is to get the free, objective thinking of all group members.

• • •

The NLRB Overhauls Its Contract Bar Doctrine

What happens when a union splits apart and as a result a company is faced with two separate sets of bargaining agents? Does an existing contract bar a new representation election to determine which group should represent the employees? Or are new elections held as a matter of course?

In deciding such questions the National Labor Relations Board is guided by a set of rulings known as the contract bar doctrine. Recently the NLRB overhauled this doctrine. The reinterpretation not only covers situations arising out of union schisms, but such subjects as union security and checkoff clauses, and the timing of rival petitions.

The article, which starts on page 382, should help companies to better understand under what circumstances their existing union contracts cannot act as bars to new representation elections.

The Christmas Bonus

The Board's annual survey reports on the Christmas bonus plans of 110 companies. Who gets the bonus and how it is calculated are covered here

"IT IS A PLEASURE to tell you that because of the company's encouraging record again this year, our board of directors has approved the payment of a Christmas bonus. Your check is enclosed. . . . Many thanks for your wholehearted cooperation and effort in helping make this payment possible."

This message to employees, expressed in different ways, is used by many companies that pay a Christmas bonus.

Bonus distributions may, and sometimes do, occur periodically throughout the year. But the Yuletide season—especially reserved by tradition and custom for sharing with others—has greatly influenced their timing. Continuing popularity of the Christmas bonus is seen in the fact that year after year companies adhere to the practice.

The size of Christmas bonus funds is determined in one of three ways: (1) by a formula geared to company prosperity, (2) by a discretionary appropriation made by the board of directors, and (3) by a combination of formula and appropriation. A few companies that have paid a Christmas bonus for many years and that more recently have adopted deferred profit-sharing plans now combine both. In these instances, the profit-sharing formula provides an adequate sum for Yuletide giving. And should company prosperity fall to a level that permits only a "small profit-sharing fund" for the year, the Christmas bonus requirements have prior claim on the fund.

Several advantages accrue from this type of profit-sharing arrangement: (1) employees like getting some immediate, tangible recognition for the job done during the year; (2) it appeals especially to young employees impatient to wait until retirement for profit-sharing benefits; (3) even employees approaching retirement age like getting yearly contributions in cash just before Christmas.

In the main, however, Christmas bonus plans are informal arrangements voted on each year by the board of directors. Although management is under no commitment to continue the practice from one year to the next, once started, the practice generally sticks.

THE BOARD'S ANNUAL SURVEY

A Christmas bonus survey has been conducted annually by The Conference Board for six years. This year's sample of bonus plans is limited to the companies that cooperated in the previous year's survey. In this sense it is highly selective, as all the companies were originally chosen because they were known to have Christmas bonus plans. On the other hand, the sample does represent a cross section of large and small companies, including light and heavy industries, retailing, banking and finance, insurance, and transportation. Geographically, companies are included from all regions of the United States.

A breakdown by size of company and industry classification of the 110 companies in the survey is given in Table 1.

Table 1: 110 Companies that Gave A Christmas Bonus in 1957

No. of Employees	Manufacturing: Durables	Manufacturing: Non-durables	Non-Mfg.	No. of Companies	Per Cent of Companies
Under 500	15	14	5	34	31
500 & under 1,000	9	7	4	20	18
1,000 & under 10,000	16	20	11	47	43
10,000 & over	4	5	—	9	8
Total	44	46	20	110	100

Some companies that gave bonuses when the Board's survey first began have since discontinued the practice. These companies were also queried this year in order to learn what forms of compensation, if any, were substituted. Thirty replies were received. All but five of the thirty companies made no substitution. Of the five that did, a formal profit-sharing plan was instituted in four companies. The remaining company provides an added week of vacation with pay in lieu of the former Christmas bonus of one week's pay.

WHO GETS THE CHRISTMAS BONUS

Employee coverage is an important aspect of Christmas bonus plans. All or practically all employees are covered in most companies. In more than three-fourths of the companies surveyed everyone on the active payroll is included in the bonus program. True, the degree of participation varies widely, but the dominant theme is blanket coverage. "Everyone on the payroll when the bonus is declared early in December receives a bonus." "Each employee who is on the payroll on the second Tuesday of December receives a bonus." These quotations are typical of the

universal application of the Christmas bonus within individual companies.

Another 6% of the companies include all employees except those in restricted categories. For example, as an employee group, salesmen are conspicuous among those excluded from the Christmas bonus program, presumably because of special bonus plans designed especially for them based on sales performance. A few companies also indicate the exclusion of executives and officers, giving as a reason their participation in a formal profit-sharing plan. One company, without indicating the classification of employees involved, reports that those who participate in stock options or incentive awards are omitted. Another states that only the president is excluded.

Among companies hiring both salaried and hourly employees, nineteen (about 17%) report that their plans cover salaried people only.[1] One company includes exempt salaried only; and one includes only nonexempt hourly.[2]

Another aspect of coverage is employment status. Is the part-time employee covered? What about the employee who is retired at bonus-distribution time but who worked part of the year? Is the employee on military leave out of luck, being out of sight?

Part-Time Employees: It appears that part-time workers are frequently included in Christmas bonus plans. About half the companies report extending the bonus to them. This does not mean, however, that only 50% of the companies include part-time workers. At least some of the companies that do not, simply have no part-time workers on their staffs.

Retired Employees: Apparently the employee who retires during the year is more prone to be overlooked in the bonus distribution than the active part-time employee. Roughly a third of the companies indicate that retired employees are covered. The amount of their bonus is usually prorated according to number of months worked during the year.

Leave of Absence: Employees on leave of absence due to temporary and long-term disability, military leave and temporary layoff are covered in a significant number of cases. About two-thirds of the companies make allowance for at least one of these leaves of absence. And in some cases all approved leaves qualify for the bonus. Temporary disability, reported by forty-seven companies, has the highest frequency of coverage. Military leave and long-term illness rank second. A few companies grant a bonus to employees on maternity leave. And one company extends it to employees on leave for the purpose of continuing their education. The following is a tabulation of companies that grant a bonus to employees on leave of absence:

Type of Leave	No. of Companies[1]
Temporary disability	47
Long illness	40
Military leave	38
Temporary layoff	14
Maternity leave	4
Other[2]	9

[1] Exceeds the number reporting because of multiple answers.
[2] Includes sabbatical leave, personal leave, leave without pay, leave to continue education.

Union Employees: A recurring question is, "Are union members included in Christmas bonus plans?" Fifty-two companies (47%) report that union members are covered. But in only eight (or 7%) of the cases is the bonus plan negotiated. In two companies the Christmas bonus has been negotiated since 1944. In the remaining six, negotiations are of more recent date.

Employees with Less than One Year's Service: While the Christmas bonus is often weighted in favor of the long-service employee, almost invariably employees with less than a year's service are included. Here, again, the amount of the bonus is likely to be less than the amount provided for employees with a year or more of service.

Minimum Service Requirement

About three out of five companies specify a minimum period of employment for participation in the Christmas bonus. This minimum varies from less than a month to eighteen months. In only one case, however, is the minimum period a year and a half. Most often (40% of the companies) it is between three and six months. A third of the companies require only two or three weeks' employment for eligibility.

HOW THE BONUS IS CALCULATED

The Board's survey for 1958 covers 143 plans used in 110 companies. These plans fall into two broad groupings: (1) those which apply uniformly to all covered employees regardless of job classification or length of service and (2) those that gear the bonus amount to special considerations, such as length of service or job title. Each of these groups, in turn, is subdivided into the three methods by which the bonus plan is calculated, that is, in dollar amounts, in weeks of pay, or as a percentage of annual earnings. (See Table 2 on the next page.)

Where the plan provides uniform bonus payments, the underlying purpose is to give the same consideration to all eligible employees. The plan may include all employees in the company or it may include only a particular group of employees. For example, a company may have three distinct uniform plans. One for hourly employees may provide a flat bonus of $50. Another for nonexempt salaried may provide one week's pay. And another for exempt salaried may

[1] Companies having only salaried employees who are all covered by the bonus plan were tabulated with companies that include all employees in the plan.
[2] The terms "exempt" and "nonexempt" refer to the requirements of the Fair Labor Standards Act.

provide 5% of annual earnings. In each case the bonus plan is uniformly applied to all who are covered. This does not necessarily mean all in the company.

The important factor in a uniform payment plan is the employee's active service with the company rather than continuity of service or any other criteria. By contrast, plans providing graduated amounts increase the bonus proportionately as the employee's service increases, as his position in the company is elevated, or as his annual earnings advance.

Actually, only plans giving a uniform amount in dollars are, strictly speaking, uniform plans. Those that specify a set bonus such as one week's pay to all employees or 2% of annual earnings to all, in reality, graduate the bonus amount on the basis of earnings. But in order to distinguish this type of plan from those that use a sliding scale of weeks of pay or annual earnings, the former are classified as uniform amount plans. Therefore, all plans specifying a fixed unit, whether the unit is dollars, weeks, or percentages, are contrasted with plans providing a range of units. In this way the philosophies embodied in these two approaches—equal consideration for all employees versus consideration based on some predetermined criteria—are brought into sharp focus.

The most striking observation in Table 2 is that bonus plans are evenly divided between the equal treatment of employees (uniform plans) and a sliding scale treatment of them (graduated plans). Differences begin to show up only as one analyzes the three methods by which bonus payments are calculated. Those calculated in dollar terms (about 40%) come close to being evenly divided between uniform and graduated. The second method—calculation by weeks of pay—is found in about a third of the plans, and they are predominantly of the uniform type. Finally, the percentage of annual earnings method (represented in a fourth of the plans) consists mainly of graduated plans.

Uniform Dollar Plans

The twenty-seven fixed-dollar plans range in amount from $10 to $200. Their distribution is:

Bonus Amount	Plans
$200	1
150	1
100	2
80	1
50	3
31	1
25	9
20	3
15	2
10	1
Unspecified	3
Total	27

As can be seen, $25 is the median as well as the amount most frequently given.

Table 2: Types of Bonus Plans[1]

How Calculated	No. of Plans	Uniform Plans	Graduated Plans	Graduated by: Service	Position	Salary	Unspecified
In dollars	59	27	32	23	6	—	3
In weeks of pay	47	35	12	12	—	—	—
As per cent of annual earnings	37	9	28	8	11	5	4
Total plans	143	71	72	—	—	—	—

[1] Bonus plans for employees with less than a year's service are not included in the table. A separate analysis of this group is given on page 401.

Slightly more than half of the plans in this group have company-wide application. That is, the same bonus extends across the board to all employee classifications. Twelve of the twenty-seven plans, however, apply only to certain groups of employees. For instance, the plan providing $200 is distributed to male employees only; women in the company get $100. Virtually all employees in this company are salaried.

The company that pays a bonus of $150 covers only employees earning over $250 per month (including executives and managers). Those earning $250 or less receive 60% of a month's salary. By way of contrast, the companies paying $100 bonuses cover exempt and nonexempt hourly and salary employees.

The most frequent bonus in the distribution—$25—is distributed across the board in five of the nine plans that pay this amount. And in each of these five plans all employee classifications are represented. One of the nine $25-bonus plans is provided to exempt salaried employees as a token bonus only. Since these people participate in other bonus arrangements, their Christmas bonus is considerably less than the amount given to nonexempt employees.

Uniform Weeks of Pay

Thirty-five of the forty-seven plans expressed in terms of weeks of pay are uniform plans. Included among these are some plans that provide bonus amounts equivalent to hourly or to monthly pay. These have been converted to weeks of pay on the basis of forty hours per week and 4.33 weeks per month. A bonus of one week's pay is the most common practice. But here again the range is wide, as may be seen from the following distribution:

Weeks of Pay	Number of Plans
Less than 1 week	2
1 week	16
2 weeks	4
2.25 weeks	2
3 weeks	4
4 weeks	6
8.66 weeks	1
Total	35

The two plans offering less than a week's pay pro-

vide for twenty hours' pay and twenty-eight hours' pay respectively. Both plans include exempt as well as nonexempt employees. At the other extreme, the single plan offering 8.66 weeks' pay provides a bonus of two months' salary. It is given to outside salesmen only.

In ten of the sixteen companies giving a bonus of one week's pay the bonus is applied uniformly to all levels and classifications. Two of the sixteen companies give the bonus to all except hourly employees.

In the main, plans providing a bonus of two weeks' pay or more apply to special employee groups. For instance, one plan provides a half month's salary to salaried employees and to all hourly employees with five years' service or more. Hourly employees with less than five years get $20. Another plan provides four weeks' salary to salaried employees. Hourly employees in the same company get $50 whereas executives get an unspecified per cent of annual earnings.

Uniform Percentage

Of the thirty-seven plans that calculate the bonus as a percentage of annual earnings, nine, or about one in four, apply the percentage uniformly. With but two exceptions, each plan is different from the rest. This is the distribution:

Per Cent of Annual Earnings	Plans
10%	2
8.33	1
9	1
4	1
3	1
2	2
Unspecified	1
Total	9

In four of the plans both hourly and salaried employees are covered. The remaining plans apply only to salaried employees.

Graduated Dollar Plans

Most often graduated plans are based on length of service with the company. But sometimes they are governed by position, and at other times by salary. The method used to calculate the bonus determines largely what the basis of graduation will be. When calculated in dollar terms and in weeks of pay it is almost always determined by service. But when it is calculated as a per cent of annual earnings it is more than likely to be on the basis of position. (See Table 2.) Several plans in the group also graduate the bonus by levels of income.

As stated before, the dollar plans come close to being equally divided between uniform and graduated. Thirty-two of the fifty-nine dollar plans are graduated. With few exceptions, these provide increased bonus amounts with increased length of service. Sometimes the bonus changes with each year of service. The following four plans show how this is done:

- $30 the first year; $60 the second year; thereafter $60 plus $5 for each year of service beyond two years
- $20 the first year; $25 the second year; $30 the third year; $40 the fourth year; beginning with the fifth year $40 plus $1 for each year of service
- $10 plus $2 for each full year of service
- $5 plus $1 for each year of service

Eleven such plans are reported. While no two plans are identical in detail they are all similar. Their range varies within the limits indicated by the four samples shown above. For example, the employee with one year of service may receive as little as $5 or as much as $30. An employee with ten years' service may receive $15, as in the lowest-paid plan, or $100, as in the highest.

Other plans increase bonus amounts only between certain intervals of years. This arrangement occurs about as frequently as the arrangement which increases the bonus each year. These are representative samples:

Bonus Amount	Length of Service
*$20	1 year and under 5 years
25	5 years and under 10 years
30	10 years and under 15 years
35	15 years and under 20 years
40	20 years and under 25 years
50	25 years or more
*$15	1 year
22.50	2 years and under 5 years
30	5 years and under 10 years
37.50	10 years or more
*$25	1 year and under 5 years
25 + $1 for each year to a maximum of $50	5 years or more
*$ 5 per year	1 year and under 5 years
25	5 years and under 10 years
50	10 years and under 15 years
75	15 years and under 20 years
100	20 years or more

Under the arrangement in the last example shown, the employee who gets $5 after one year will get $50 after ten years. After twenty years his bonus will amount to $100. Under a completely different plan the one-year employee gets $15 but after ten years his bonus will have increased to only $37.50.

The plan providing a maximum bonus of $37.50 applies to nonexempt employees (hourly and office clerical). Exempt employees in the same company receive a bonus calculated as a percentage of annual earnings and graduated on the basis of position as well as service. In contrast, the plan giving a maximum bonus of $100 after twenty years' service applies across the board—to executives, salesmen, supervisors and nonexempt salaried and hourly employees.

(Continued on page 400)

Avoiding Pitfalls in Conference Leading

It is the group leader who must get the active participation of all members. Here are some pointers on how he can achieve this difficult goal

MUCH TIME these days is spent in small group meetings—the kind in which the supervisor and his subordinates get together to solve practical every-day problems. Or, the meeting may involve an inter-departmental group concerned with a common problem. The purpose of these meetings is to bring into the open the free, objective, and unbiased thinking of the group as a basis for problem solution.

Often, however, such meetings end with the problem still very much unsettled. The ideas proposed have been neither objective nor unbiased. And not all of the group has participated. In short, the meeting has been a waste of time.

Frequently a post-mortem of the meeting pins the blame for time wasted squarely on the person who led the conference. He dominated the meeting; he fore-stalled participation; he fell into one or several of many pitfalls which might have been avoided.

In the past few years, The Conference Board has taken part in about 700 post-mortem discussions following 700 practice sessions in conference leading. These discussions were in the nature of performance reviews of the leader by the members of his conference group. The members of the group drew attention to the ways in which the leader had been less effective and suggested how improvement might be made. From these discussions at least seven common faults, which may hamper the leader of a problem-solving conference, have been delineated. Also in the course of these discussions, suggestions for avoiding each of these pit-falls were made:

1. Not Saying the Right Thing in the Right Way

A variation of this fault might be expressed as saying the right thing in the wrong way.

It is considered very important to guard against such faults because what the leader says and how he says it can so easily influence the thinking of the group and inadvertently inhibit a free and unbiased expression of opinion. Leading questions, for instance, immediately introduce a certain amount of bias into the discussion.

As another example, the leader may suggest arguments for consideration in such a way as to give the impression that these are his own views on the subject. Undiplomatic statements on the part of the leader often cause hidden, if not obvious antagonisms, which tend to inhibit further participation. And, not infrequently, flat statements instead of questions give the impression that the leader may be trying to dominate the discussion.

It has been observed that voice inflection and facial expression are important as well as the words that happen to be used. Any one of these can make the difference between a successful conference or a failure.[1]

2. Embarrassing Conference Members

Not infrequently, a conference leader finds that one of the group is not "with him."

A member may be gazing out the window, obviously daydreaming. He may even be asleep. Or two people may be engaged in a whispered discussion of their own. On occasion, a member may be noticed reading a newspaper or magazine article. Some have been caught writing letters or memos.

When the leader observes a window-gazer, he knows that all is not well. The situation presents a challenge since it is likely that the group members have noticed and are watching the leader to see how he will handle himself.

It is natural for the leader to feel rather irritated by such discourtesies. He may feel that he must retaliate with an appropriate rebuke or cutting remark. Anything less, he fears, may evidence weakness on his part. And this may be particularly true if the leader is a supervisor and the member one of his subordinates. But, it is pointed out, the leader should not stoop to reprimand if he wants to achieve the objective of the meeting.

Suppose, for example, the leader interrupts the conference to say sarcastically, "Ralph, if you would condescend to stop looking out of the window and pay attention to what is being said, we'd all get out of this meeting a lot faster." Ralph turns to the group and then he turns a little red. He is embarrassed. Ralph may not say a word but the chances are that he is hurt by what he may consider an unjustified slap. After all, he may think, I didn't mean to be impolite.

Yes, Ralph may not say anything—then or later. He may appear attentive, but inwardly he is likely to be at the boiling point. He is now too emotionally disturbed to bother with business problems.

If someone were to tell the leader he was wrong to

[1] Further details and illustrations on the effect of words may be found in the article entitled "How Not To Influence People," which appeared in the March, 1958 issue of the *Management Record*.

treat Ralph as he did, the defenses would immediately be raised. "What do you mean, wrong?" "The guy asked for it didn't he?" "He didn't get half of what he deserved." "He insulted me and the group." "You mean we have to sit here and take this stuff? Not a chance!"

Since such comments to the leader do not help him to achieve any self-appraisal, perhaps some questions will serve the purpose.

Question: Mr. Leader, what kind of meeting are you running?

Answer: A problem-solving conference.

Question: What kind of climate are you trying to maintain?

Answer: One that is as objective, unbiased, and unemotional as humanly possible.

Question: Why is Ralph at this meeting?

Answer: So that I can get his free and unbiased thinking about the problem before us.

Question: Since you have allowed yourself to become irritated with Ralph and have shown that irritation by what you said to him, and since Ralph has been hurt and is nursing a grievance, has this spoiled your attempt to achieve an unemotional climate?

Answer: Well, it certainly has not been what I hoped it would be.

Question: Since Ralph didn't open his mouth during the entire meeting, what has happened to your objective of getting his unbiased ideas?

Answer: I guess I have to admit that I did not achieve either objective very well. But I have to maintain discipline. What would you have done?

Questioner: I'm not sure, but suppose you had said something like this. "Ralph." (His attention is now drawn to you and away from the window.) "Ralph, Joe has been telling us that our new experimental machine is a dud because it takes two workers to feed in raw materials. We know you were in on the design of this equipment and we'd like your comments on this manpower problem."
Now, Mr. Leader, do you think this approach would succeed in getting Ralph to contribute his ideas to the group?

Answer: Yes, it probably would, but why all the palaver?

Questioner: Oh, you mean the summary of the previous comments? Well, don't forget we are assuming that Ralph has not heard what was said. It is hardly reasonable to expect an intelligent comment from him until he knows what has been said. So, he gets a quick fill-in; the group gets his comments; and the purpose of getting Ralph's viewpoint is accomplished.

Answer: True enough, but you have let him thumb his nose at the group, so to speak, with impunity.

Questioner: Only in a limited sense, perhaps. If our member really had that kind of attitude toward the group it is unlikely that we would have secured his cooperation at all at this time. Why not assume that Ralph's actions are unintentional and will quickly be corrected if not condemned by an oversensitive leader?

The attack treatment in such a situation has only one benefit: it bolsters the ego of the leader. Its disadvantage is that it prevents accomplishing the objectives of the meeting.

The alternate approach or some similar approach does accomplish the objectives of the meeting and has no real disadvantages. In fact, the leader gains prestige by having conducted a profitable conference.

The choice of action, then, is decided on and judged in terms of the desired results.

3. Doing the Thinking for the Group

A conference leader may find himself falling into the trap of thinking for the group, particularly if he is extremely concerned about the problem and knows a lot about it. It will be hard for him to maintain his objectivity. He may become too impatient.

This approach, as the ones before, is to be evaluated in terms of what the leader expects to accomplish. He wants an objective climate and he wants to present himself as an example of impartiality so that he can obtain the free, objective, and unemotional thinking of the group.

To accomplish this purpose he needs to be calm and unhurried. He may forget that in communications it takes time for individuals—and especially a group—to catch up with an idea that is novel and has many implications to be explored.

It has been frequently observed that leaders who are very overt and direct in their behavior (the extrovert, the sales manager) tend to become restless if a meeting does not continue to move at jet speeds. They cannot relax and let the mental wheels revolve. They fear that they are demonstrating a woeful inadequacy if someone is not speaking at all times. The slightest lull is their signal to jump in and move the meeting along.

What happens under such circumstances, of course, is that the leader finds himself talking too much. He may be commenting after each contribution from a member. And his comments are likely to be judgments on the value and importance of each contribution. Or he may find that he is throwing out leading questions so that he will be sure to get "right" answers and avoid wasting time on "nonessential" ideas. In order to speed things up he will be answering direct questions from the group. He will, in effect, be doing the thinking for the group.

Now there is no doubt that the leader will speed things up by these processes. The group members will feel that they are being dragged along in spite of themselves. Having found what the leader wants or what solution is acceptable to him, the group is glad to give it to him fast. The meeting can then be ad-

journed, everybody can get back to his daily routine, and the leader has the solution that he wanted from the beginning. The only trouble is that the meeting was a failure.

The leader has nothing more or less than he had when the meeting started. He has failed to get the objective thinking of the group. They were to have thought through the problem but he would not permit it. No harm has been done, perhaps, but a lot of manpower has been wasted.

If it is true that it is the objective of the meeting for the group itself to do the job of thinking through the problem, then the leader must insist that they do just that. He may call their attention to the fact that this is their job and that they are not making much progress but he cannot achieve this objective by offering his own contributions.

4. Excessive Use of "Direct" Questions

Another rather common fault found in the leader of a problem-solving conference is the excessive use of the "direct" question.

In general, the more successful leaders avoid a "direct" question, that is, calling on a specific member of the group by name, unless they have a very definite reason to do so. For the most part a leader will ask the group questions so that whoever may be ready and able can pick up the idea and take it from there. Since it is the group's job to do the thinking, the leader speaks to the group rather than to an individual.

It has been observed that sometimes a leader will open his meeting by calling for comment by a specific member and will then call on each member in turn all around the table. This is an example of the excessive use of the "direct" question. This procedure is generally considered poor practice for the following reasons:

1. It sounds and looks too much like a schoolroom recitation.
2. It is too formal and controlled a situation which interferes with free expression.
3. It encourages the members at the end of the line to be inattentive since they are sure they will not have to talk for some time. Likewise those who have been called on can relax since they know they have already done their duty.

In order to obviate some of these difficulties a leader may call on the members in random order. Even here only the third disadvantage may be minimized. The practice still makes the conference more of a continuous dialogue between the leader and a member than a real discussion among members. However, there are some circumstances under which the leader is expected to use "direct" questions:

1. To bring before the group a particular viewpoint, idea, or argument which the leader happens to know a specific individual is ready to talk about.
2. To interrupt two members who are carrying on a side discussion of their own.
3. To call an inattentive member back into touch with group thinking.
4. To give a shy member the opportunity to say what is on his mind.
5. To break up a long-winded monologue.
6. To stimulate argument where the leader knows a member has views opposed to those just expressed.

Experience shows that the direct question has real value as a tool in conference leading but that it can be easily overdone.

5. Lack of Control

In all these common faults is the basic thought that the leader should avoid dominating the thinking of the group. But this does not imply that he should hold a loose rein on the conduct of the meeting.

Sometimes a leader in his attempt to throw off old dictatorial habits will lean too far in the other direction. Or the leader may be confused in trying to apply "modern" "permissive" approaches, with the result that the meeting gets out of hand.

It is the leader's job to keep the conference moving to a conclusion, to insist that the group stay on the subject, to call the meeting to order when the members become unruly, and even to crack down on an individual who will not cooperate.

There are a number of ways in which the leader can exercise control. The quality of his preliminary planning, for instance, has a lot to do with the degree of control he can exert.

If, in his introductory, stage-setting remarks, the leader defines the objectives of the conference and the problem itself in clear and precise terms, the members will know exactly what is to be done. When the objective is misunderstood or the limits of the discussion not clear-cut, mental wandering, inattention, and confusion are almost inevitable.

Again, control will be much less a problem if the leader is so genuinely confident that the group senses his confidence. He is well prepared, knows exactly where he is going, why, and how to get there. He does not hesitate. He proceeds with the obviously confident assumption that the group will go along.

Some humor is good, some mild byplay can help to keep the group relaxed. But the leader need not hesitate to call the group to order when he decides that things have gone far enough. He may firmly remind the group of their objective and that it is time to get down to business. Or he may say whatever may be appropriate to the circumstances.

In brief, the leader can exercise control by knowing the purpose of the meeting and how to achieve it, by communicating this knowledge effectively to the group, by his obvious self-confidence, and by insisting that the members follow an orderly and disciplined procedure.

6. Unprepared to Keep Discussion Moving

There are some experienced leaders who believe it possible to conduct a successful discussion whether they know anything about the subject or not. In actual practice it is a great deal easier for the leader when he has a good working knowledge of the problem in all its aspects.

It is helpful if, as a part of his total preparation for the conference, the leader thinks through the problem for himself. Many consider it a good idea to have a "dry run" with one or two associates before the meeting. This is considered important because the leader is expected to be well posted on all aspects of the issue —to be aware of the arguments for and against a proposed line of action.

A leader will be better prepared to handle any emergency if he has foreseen the arguments, comments and general reaction which he may get during the discussion period.

If the discussion lags or comes to a halt he is then equipped to throw out a stimulating comment or argument that will keep the group moving forward.

It is a part of the job of the leader to see that all aspects of the question are brought out and fully considered. He prepares himself and thinks through the problem not in order to dominate the group thinking but so that he may bring the attention of the group to points which they may be overlooking. This he is in no position to do when he is unprepared.

7. Failure to Organize and Record Group Thinking Visually

It is not easy for group members to keep in mind all the points that have been made, all the arguments that have been presented, or all the facts and opinions expressed. Yet there are many leaders who make no attempt to visualize the progress of the thinking for the benefit of the group.

Consequently many meetings flounder, much time is lost through repetition, and members are frustrated since they do not know exactly what has been accomplished.

It is generally conceded to be the leader's job to record, classify, and organize the thinking of the group visually as the members proceed to a solution of the problem. This aim is usually accomplished by use of a large blackboard or paper chart. The leader uses the board to summarize or recap each idea as it is presented, and he usually has the question or problem written out for all to see.

Those who object to using a board feel that it may give too much the appearance of a schoolroom and they feel uncomfortable doing the board work. They believe that just as much can be accomplished if they take notes on a tablet as the meeting progresses. However, taking notes can contribute to an atmosphere of apprehension since the members of the conference can never be quite sure what it is the leader is jotting down. Could it be something that will react against the good of a member later on? And if not this, the member may well wonder whether the leader has really understood the point that was made.

In addition to the disadvantages just noted, the leader fails to achieve certain other values when he does not use a visual record. A visual record has the following advantages:

1. It helps to prevent digression by keeping the members aware at all times of what the problem is.
2. It helps to prevent duplication by showing the members at all time just what has been said.
3. The record of the discussion helps to make the summary easier and the conclusions to be drawn more obvious. It also speeds the job of preparing minutes for distribution.

A visual record of the discussion, then, helps to clear the air for the members, and aids the leader greatly in his control of the meeting.

George V. Moser
Division of Personnel Administration

Management Bookshelf

The Teamsters Union: A Study of Its Economic Impact—This volume traces the growth and historical development of the Teamsters' union from its initial AFL chartering in 1899 as the Team Drivers International Union to the present day. The roles played by Daniel Tobin, Dave Beck, Jimmy Hoffa and other leaders are examined and compared. Also examined are the Teamsters' relations with other labor organizations and the influence of a growing trucking industry upon the behavior of the union. *By Robert D. Leiter, Bookman Associates, Inc., New York, New York, 1957, 304 pp., $5.*

Man in Employment—This volume is subtitled "The Fundamental Principles of Industrial Relations," and consists of a compendium of descriptive material on the practice of industrial relations in Great Britain. Among the subjects covered are: employers' associations, British trade unionism, voluntary and compulsory arbitration, wage incentive schemes, joint consultation, automation, and the maintenance of full employment. *By Alfred B. Badger, Arthur Barker, Ltd., London, England, 1958, 320 pp., 25 s.*

Industrial Noise Manual—Three years of study by the noise committee of the American Industrial Hygiene Association are represented in this $8\frac{1}{2}$" x 11" manual which provides the industrial hygienist with information to enable him to appraise and often reduce noise exposures. The manual includes information on the physical characteristics of noise, on the measurement and effect of noise on exposed persons, and on the control of noise. Among chapter headings are: "Physics of Sound," "Instruments for Sound Measurement and Audiometry," "Techniques of Sound Measurement," "Procedure of a Sound Survey," "Calibration," "How We Hear," "Effects of Noise," and "Personal Protection in Noise Control." *American Industrial Hygiene Association, Detroit 27, Michigan, $7.50.*

Executive Death Benefits

The second article in a series on executive fringes examines the various sources of income going to deceased executives' beneficiaries

AN EXECUTIVE earning $15,000 or more is likely to have group life insurance coverage equal to one to two times his yearly salary—and he generally pays part of the premium for this protection. But variations among companies are great, and they become even more complex when all sources of company help to an executive's widow are considered. This is the picture that emerges in an analysis of the various death benefits available to executives in forty companies that cooperated in a recent pilot study of executive security benefits and other fringes.

All of these companies have group life insurance programs covering executives; ten of them have special programs for executives as a group. In addition, about half have plans that provide sizable benefits in case of accidental death. A few companies continue to pay the salary of the executive to his widow for varying periods. Twenty-six of the forty companies have contributory pension plans which automatically allow for important death benefits. And a few use other retirement plans to provide lump-sum payments, either through profit-sharing or thrift plans or by insurance benefits from a pension plan. A few companies provide long-term monthly income to a widow through the pension plan. Most of the companies make some arrangement to continue life insurance protection after retirement; but this may range from a token figure to sizable amounts of coverage.

This article analyzes each of these devices as they occur in the forty pilot-study companies.

About the Companies

This article is the second in a series describing the results of a recently completed pilot phase of a study of security benefits and other fringes for executives. The executive retirement programs found in these companies were described in the September issue of this magazine. Subsequent articles will deal with disability benefits for executives as well as other fringes not related to economic security.

It should be noted that the companies in this pilot study were not selected in any systematic manner to be "representative" of some larger universe of companies. But the forty firms are large or medium-sized, well-known organizations. To facilitate interviewing, half of the companies were chosen because their headquarters are in New York City. The companies outside New York were selected because their previous cooperation indicated that constructive criticism of the questionnaire for a national survey would be given.

Within this framework an attempt was made to diversify the companies by industry. The six nonmanufacturing companies include two airlines, an insurance company, a department store, a mining company, a wholesale distributor and a public utility. Among the thirteen durable goods manufacturers are four manufacturers of transportation equipment, two steel makers and two aluminum manufacturers, two heavy machinery and two light machinery manufacturers, and an appliance maker. Represented among the twenty-one nondurable goods manufacturers are chemicals, paper, rubber, food, tobacco, textiles and magazine publishing.

GROUP LIFE INSURANCE

Every one of the companies in this pilot study has a group term life insurance program that covers executives.[1] In eighteen companies executives are in the same plan that covers *all* employees, and in twelve firms executives are in a plan covering *salaried* employees generally. Thus, only ten of the forty companies can be considered as having any kind of special program for executives as a more-or-less-well-defined group. The following two companies have special arrangements specifically for executives.

Company 38[2] has a basic plan for all employees that provides coverage of one year's salary at no cost to employees and an equal amount on a contributory basis. In addition to this, executives receive a third year's salary in coverage paid for by the company.

Company 32 has a basic contributory plan covering all employees, with maximum coverage of $5,500. Executives are provided added benefits equal to one year's salary, for which they pay part of the premium.

The following three companies have special arrangements for specified high-salaried employees as shown below.

Company 39 has a basic noncontributory plan for all salaried employees that provides maximum coverage of $25,000. But employees earning $17,000 or more

[1] The companies were asked whether they had "split-dollar" coverage for executives or any *individual* permanent life coverage. None said yes.

[2] The company number is taken from Table 1, which gives an idea of the schedule of insurance at executive salary levels.

can obtain added coverage up to $110,000, depending on their salary. The employee must pay part of the premium for this added coverage.

Company 25 has a basic contributory plan for all salaried employees, with maximum coverage of $50,000. Employees earning $37,500 or more can receive added coverage, on a contributory basis. At $37,500, this extra coverage is $5,000, and at a salary of $50,000 the added benefit is $27,000. No data are available on the maximum coverage.

Company 22 has a basic contributory plan for all employees, with maximum coverage of $20,000. Employees earning $20,000 or more can get added coverage on a contributory basis; the maximum is $40,000.

In the remaining five companies, special benefits are available to exempt employees as a group, as shown below.

Company 36 has a basic *contributory* plan for all employees that provides maximum benefits of $20,000. Exempt employees earning $6,000 or more are given—at no cost to them—added coverage up to $180,000.

Company 34 provides all exempt employees coverage equal to twice the yearly salary, and the company pays the entire premium.

Company 31 has a contributory plan limited to exempt employees, with maximum benefits of $100,000. In addition, another $1,000 is provided free by the company.

Company 30 has a basic contributory plan for all employees with maximum coverage of $50,000. Exempt employees can receive added coverage equal to that under the basic plan, on a contributory basis.

Company 13 has a basic contributory plan for all employees with maximum benefits of $5,000. Exempt employees can receive extra coverage, up to $40,000, for added contributions.

Maximum Coverage

As Table 1 shows, the maximum amount of life insurance provided executives ranges all the way from $10,000 to $300,000 in the thirty-four companies that have a stated maximum. On the average, executives are limited to $50,000 of protection. Sixteen companies set the maximum between $10,000 and $49,000; eight provide $50,000 to $99,000, and the remaining ten have a top of $100,000 to $300,000.

Variations by Salary

In all of the companies, the amount of group life insurance available to any executive depends on his salary, within the limits set by the maximums described above. To illustrate the way in which coverage

Table 1: Group Life Coverage for Executives in Thirty-Nine Companies[1]

Company	Coverage for Executives with Yearly Salary of:					Maximum Coverage
	$15,000	$25,000	$35,000	$50,000	$100,000	
1	$10,000	$10,000	$10,000	$10,000	$10,000	$10,000
2	10,500	10,500	10,500	10,500	10,500	10,500
3	15,000	20,000	20,000	20,000	20,000	20,000
4 and 5	16,000	20,000	20,000	20,000	20,000	20,000
6	20,000	20,000	20,000	20,000	20,000	20,000
7	17,000	22,000	22,000	22,000	22,000	22,000
8 and 9	25,000	25,000	25,000	25,000	25,000	25,000
10	22,500	30,000	30,000	30,000	30,000	30,000
11	18,000	28,000	38,000	40,000	40,000	40,000
12	20,000	35,000	40,000	40,000	40,000	40,000
13	22,000	37,000	40,000	40,000	40,000	40,000
14	22,500	37,500	40,000	40,000	40,000	40,000
15	26,000	40,000	40,000	40,000	40,000	40,000
16	30,000	40,000	40,000	40,000	40,000	40,000
17	24,500	39,500	50,000	50,000	50,000	50,000
18	30,000	45,000	50,000	50,000	50,000	50,000
19	30,000	50,000	50,000	50,000	50,000	50,000
20	35,000	35,000	50,000	50,000	50,000	50,000
21	40,000	50,000	50,000	50,000	50,000	50,000
22	20,000	30,000	40,000	55,000	60,000	60,000
23	37,500	75,000	75,000	75,000	75,000	75,000
24	35,000	60,000	80,000	80,000	80,000	80,000
25	25,000	40,000	55,000	77,000	no data	not stated
26	15,000	25,000	35,000	50,000	100,000	not stated
27	22,500	36,500	51,000	75,000	100,000	100,000
28, 29 and 30	30,000	50,000	70,000	100,000	100,000	100,000
31	21,000	31,000	41,000	61,000	101,000	101,000
32	20,500	30,500	40,500	55,000	105,500	not stated
33	45,000	75,000	105,000	150,000	150,000	150,000
34 and 35	30,000	50,000	70,000	100,000	200,000	not stated
36	36,000	60,000	87,000	114,000	200,000	200,000
37	23,000	35,000	50,000	70,000	145,000	225,000
38	45,000	75,000	105,000	150,000	300,000	300,000
39	no data	no data	no data	no data	no data	135,000
Median	24,750	37,000	40,750	50,000	50,000	50,000

[1] Company 40 has a noncontributory plan with $3,000 maximum plus a contributory plan for which data are not available.

varies by salary level in each company, the face value of life insurance for each of five executive salary levels is shown in Table 1.

The median values indicate that coverage as a per cent of salary decreases as salary increases. Thus the median benefit represents about 1 2/3 of the $15,000 salary; about 1 1/2 of the $25,000 salary, and about 1 1/7 of the $35,000 salary. The median benefit at the $50,000 level is equal to one year's salary, and at the $100,000 salary level it is equal to one-half year's salary.[1]

Table 2 shows the marked difference in coverage below $50,000 as compared with coverage above this salary. About half of the companies provide benefits greater than one year's salary but less than two years' salary for the $15,000, $25,000 and $35,000 executive, and 30% to 40% provide two years' salary or more. But executives earning $50,000 and $100,000 receive coverage of one year's salary or less in at least half of the companies.

Executive Contributions

In half of the forty companies, the company and the executive share jointly the premium cost of the life insurance available to the executive. In the other twenty companies, all or some part of the coverage is paid for entirely by the company, with joint payment of the remaining premium cost.

Only five of the forty companies in this study do not require an executive to pay at least some part of the premium for his group life coverage. In two of these companies (1 and 16 on the table), maximum benefits are $10,000 and $40,000 respectively; but in the other three (34, 35 and 37), benefits can range up to $200,000 without cost to the executive.

In another four companies, executives must make some contribution toward paying the premium, but a substantial part of the total coverage available to the executive is provided at no cost and the remaining coverage is paid for by the company and executive jointly. Details of these four plans follow.

Company 38 provides coverage equal to two years' salary at no cost to the executive; the executive pays part of the premium on the added coverage of another year's salary.

[1] This sharp drop is undoubtedly explained in part by the fact that many companies do not have executives at this high salary; therefore, the insurance plan is not designed for levels this high.

Company 24 pays the entire premium on one-half of the executive's coverage; it shares the cost of the other half.

Company 36 pays the entire premium on the executive's coverage over $20,000, and shares the cost of the first $20,000. This $20,000 represents about one-half of the benefit for a $15,000 executive but only a fraction of the $200,000 available to the $100,000 a year executive.

Company 39 pays the entire premium on the first $25,000 of the executive's insurance. This represents almost the entire coverage for executives earning less than $35,000, but it is barely 20% of the $135,000 available to the highest-paid executives.

Another eleven companies also provide a part of the total coverage at no cost to the executive, but in these companies the noncontributory portion is only a small part of total benefits. The major portion of the benefit is paid for by the company and executive jointly.

- Company 21 provides $500 of coverage free.
- $1,000 of coverage is free in three companies (19, 31 and 33).
- Company 26 provides $1,500 free coverage.
- $2,000 of coverage is free in four companies (4, 7, 11 and 17).
- Company 40 provides $3,000 free.
- Company 8 gives $5,000 free coverage.

Among the thirty-five companies that require contributions from executives on all or part of the life insurance coverage, nineteen provided information adequate to determine the rate of executive contributions. In thirteen of these companies, the executive pays 60 cents per month for each $1,000 of insurance which is not paid for entirely by the company. The rate per $1,000 in the other six companies is as follows: 30 cents, 38 cents, 40 cents, 54 cents, 65 cents and 68 cents.

Paid-up Life Insurance

Five companies in this study (4, 9, 15, 31, 32) include permanent insurance in their group life programs. This kind of life insurance, once it is purchased, remains permanently in force without further premiums. Therefore, the executive has a paid-up policy (with a cash-surrender value as well) at any time he leaves the company.

In all of these companies, the paid-up insurance is purchased by the executive's contributions; the company pays the premium for all of the term insurance

Table 2: Amount of Insurance Coverage in Terms of Yearly Salary for Executives at Five Salary Levels

Insurance in Terms of Salary	$15,000	$25,000	$35,000	$50,000	$100,000
	(Number of Companies)				
One year and less	4	10	11	22	29
More than one year, less than two	19	16	17	8	4
Two years	8	7	5	5	3
More than two, but less than three	5	2	3	1	—
Three years	2	3	2	2	1

necessary to bring the total protection for the executive up to the levels indicated in Table 1. In three of the companies the executive cannot begin to purchase paid-up insurance until he reaches age forty-five. Another company sets age thirty-five, but in the other company, an executive can begin his purchase of permanent insurance upon entering the insurance program.

SPECIAL ACCIDENTAL DEATH BENEFITS

Group life insurance provides protection for practically all causes of death—whether accidental or natural. Most of the companies in this study also have special coverages for executives that provide benefits for death caused by accident.

In sixteen companies, executives are protected by accidental death and dismemberment insurance. Eleven of these policies cover death caused by accidents on the job as well as accidents not connected with work; the other five plans are limited to nonoccupational accidents.

Only two of the companies have plans designed specifically for executives; in the other companies the executive is in a plan covering salaried employees or all employees. In one company, the firm pays the premium on AD&D equal to the executive's life insurance; executives can buy added protection up to $150,000, but they must pay the premium. A similar arrangement for executives only exists in one other company. The company pays for $5,000 of AD&D and the executive can buy, on his own, up to $300,000 in added coverage.

In the other fourteen companies, executives are covered by AD&D equal to $20,000 (three companies); $10,000 (four companies); $9,000 (two companies); $5,000 (three companies) and $4,000 and $2,000 in one company each. The company pays the premium for AD&D in five companies; the premium is shared by the executive and company in the other nine companies.

Travel Accident

At least twenty-three of the forty companies have provided extra insurance protection for executives while traveling on company business.[1] Six of the companies limit the coverage to air travel while on company business. The company pays the premium on $25,000 of coverage in three companies, and in one company each, on $20,000, $60,000 and $100,000. In this latter case, the protection is only for executives and includes pleasure flights; other traveling employees are covered for $50,000.

The other seventeen companies known to have travel accident insurance provide protection for executives traveling on company business regardless of the type of public conveyance or common carrier.[1] Among the fourteen policies for which the maximum coverage is known, it is $100,000 in seven companies; $25,000 in five and, in one each, $50,000 and $150,000. Only in two companies does the executive pay the premium; in all others the company pays the full cost of the protection.

[1] Eight companies do not. No information was available from the other nine companies. For a detailed study of this coverage see "Insurance for Traveling Employees," *Business Record*, November, 1956.

[1] Because of the limited data requested about travel insurance, it is not possible to distinguish between the policies limited to an accident while in a public conveyance and those that cover "all risks" to which a traveler can be exposed while away from his normal work place. At least three are of this latter type, however.

SALARY CONTINUATION AT DEATH

Each of the forty pilot-study companies was asked whether it was general practice or policy in their company to continue paying a part of the deceased executive's salary to survivors—as a supplement to the lump-sum life insurance payments. Fifteen of the companies answered yes.

Three of these companies have a formal policy on this point. One pays one month's salary to the widow or other beneficiary. Another has a severance pay plan which provides two weeks' pay for each year of service at death. The third company has a written policy statement to the effect that the widow of the executive will receive a salary-continuation benefit, but the amount is determined according to individual circumstances.

Five companies in which some type of salary continuation is the general practice when an executive dies could not generalize about the amount paid. The size of the benefit depends on length of service, the position of the executive, the needs of his widow and children, and other individual factors.

In the remaining seven companies, the amount paid to the widow also varies according to individual circumstances; but these companies have had enough experience with the problem to give a general idea of the amount of the benefit. Two companies continue the executive's salary to the end of the month in which he dies. One company continues salary for two to four weeks, another for about six weeks, and another, three to six months. The other two companies pay one to three months' salary after the executive dies.

DEATH BENEFITS FROM RETIREMENT PLANS

In addition to formal insurance benefits and the informal continuation of salary, the widow of an executive may also receive some funds from the company retirement plan.

For example, deferred profit-sharing plans and the new thrift plans invariably provide that the entire account of the executive (including all company contributions) will go to the widow regardless of how long the executive has been in the plan. This would be an important source of help in seven companies in

(Continued on page 398)

The NLRB Overhauls Its Contract Bar Doctrine

On March 28, 1958, the National Labor Relations Board announced that it was considering the revision of some of its rulings on the contract bar doctrine, and it invited interested parties to submit their views on possible changes. In so doing, the labor board announced it hoped to simplify and clarify its previous rulings concerning the circumstances under which an existing collective bargaining contract precludes the holding of a union representation election. At the same time, the board stated that it wished to achieve a "finer balance between the oftentimes conflicting policy considerations of fostering stability in labor relations while assuring conditions conducive to the exercise of free choice among employees."

In a series of decisions released this fall, the NLRB began to announce the results of its considerations. The major areas covered by these decisions are the following:

1. The effects of union schism.
2. The effects of invalid or ambiguous union security provisions.
3. The maximum length of time during which a valid contract will bar an election.
4. The timing of representation petitions.
5. The adequacy of contracts and the effect of changed circumstances upon contracts.

UNION SCHISMS

One of the cases[1] coming before the board questioned under what circumstances a split in a union warrants a new representation election to determine which of the two contending labor unions should be recognized as the collective bargaining agent.

Before it will permit an election to be held, says the NLRB, it must find that a basic intraunion conflict over policy at the highest level of an international union exists. Such basic intraunion conflicts, the NLRB finds, might arise if:

1. An international union disaffiliates or is expelled from the federation with which it was affiliated, and at the same time the federation creates a rival union with similar jurisdiction.
2. Or if some of the top officials of an international union transfer their affiliation to an existing rival union or establish a new organization with similar jurisdiction.

In addition to such basic intraunion conflict at the international level, however, the board continues, this conflict must also cause repercussions at the local union level which create "such confusion in the bargaining relationship that stability can be restored only by an election." Moreover, the decisions made at the local union level must occur within a reasonable period of time after the conflict arises; and the NLRB must be convinced that local union members decided upon their course of action at an open meeting, after having been given due notice of the time and purpose of the meeting.

On the other hand, states the board, no election will be warranted if, despite intraunion conflict at the international level, union members at the local level take no disaffiliation action, or if such disaffiliation action is taken but the employer is not confronted with conflicting claims by the unions involved in the alleged schism.

The Type of Election to be Conducted when Schism Is Found to Exist

The second question aired by the board concerns the amount of choice to be given employees in a representation election. In this area the NLRB has decided to continue its past practice of giving employees the greatest possible freedom of choice. Thus, the labor board will permit all types of petitions: it will permit a severance election in a segment of the contract unit, when otherwise appropriate; and it will give the employees the opportunity to choose not to be represented by any union.[1] And if the employees vote for a particular union, that union will not be required to assume the existing contract.

Factors Bearing Upon the Issue of Defunctness

In the past the labor board has held that where a union is defunct, and hence unwilling or unable to represent the employees, its contract is not a bar to an election. This practice will, in essence, be continued. However, says the board, "mere temporary inability to function does not constitute defunctness; nor is the

[1] The case referred to is Hershey Chocolate Corporation and Local 464, American Bakery and Confectionery Workers International Union, AFL-CIO, and Bakery and Confectionery Workers of America, ind. 121 NLRB No. 124.

[1] Board member Jenkins dissents from this conclusion, and would limit the choice on the ballot to the two contending parties.

loss of all members in the [local] unit the equivalent of defunctness if the representative otherwise continues in existence and is willing and able to represent the employees."

In cases where there is no schism existing within a union,[1] the board will consider the ability to represent employees of only those parties who actually signed the collective bargaining contract. It will not consider the ability of the international union or an intermediary body to represent employees if these parties were not signers of the agreement.

When the elements of a schism are present, the labor board will not consider whether a union is defunct, since it will have already been determined that the existing contract of the union is not a bar to an election.

UNION SECURITY AND CHECKOFF CLAUSES

The second major area in which NLRB policy has been redefined deals with whether or not contracts containing invalid or ambiguous union security provisions are a bar to an employee election.[2] The board has now tightened up its practices regarding such clauses, and it will henceforth hold that "a contract containing a union security clause that does not on its face conform to the requirements of the [Taft-Hartley] Act or which has been found to be unlawful in an unfair labor practice proceeding will not act as a bar to an election."

By way of example, the board says the following union security clauses will no longer serve to render the contract a bar to an election:

"1. [Clauses] requiring the employer to give preference on the basis of union membership in hire, tenure, seniority, wages, or other terms and conditions of employment;

"2. delegating to a union unlawful control of hire, tenure, seniority, wages, or other terms and conditions of employment; or

"3. making a condition of employment the performance of any obligation of membership other than the payment of 'periodic dues and initiation fees uniformly required.'"

Moreover, continues the NLRB, it will no longer treat as bars to election any contracts whose union security provisions do not *expressly* grant old, nonunion employees the statutory thirty-day grace period during which they are not required to join the union. And the same treatment will be accorded contracts whose union security provisions are ambiguous or which attempt to defer the effective date of invalid union security clauses.

In thus insisting upon strict compliance with Section 8(a) (3) of the Taft-Hartley Act, the NLRB maintains that it cannot close its eyes to failures on the part of contracting parties to fully understand and/or comply with the provisions of the law. In the board's words:

"To hold that agreements containing union security clauses which do not conform to the act are effective bars to elections the board would thereby impliedly recognize as valid that which by its own language falls short of the statutory limitations."

The NLRB then suggests that, should any parties to a contract have difficulty in drafting a union shop clause, the following model may be useful as a guide:

"It shall be a condition of employment that all employees of the employer covered by this agreement who are members of the union in good standing on the effective date of this agreement shall remain members in good standing and those who are not members on the effective date of this agreement shall, on or after the thirtieth day following the effective date of this agreement, become and remain members in good standing in the union. It shall also be a condition of employment that all employees covered by this agreement and hired on or after its effective date shall, on or after the thirtieth day following the beginning of such employment become and remain members in good standing in the union."

In similar fashion, the NLRB holds that if a contract contains invalid checkoff provisions, such a contract also will not stand in the way of an election. This is a reversal of former rulings.

In addition to the above, the NLRB states that it will no longer allow the hearing of evidence designed to show that an ambiguous union security clause or a clause that fails to specify a thirty days' grace period for nonunion employees does in fact conform to the law.

Compliance with Section 9 (f) (g) and (h)

Finally, the labor board takes a second look at its requirements for union compliance with sections 9 (f) (g) and (h) of the Taft-Hartley Act. (These sections deal with the filing of financial reports, noncommunist affidavits, and other required information.) Without substantially changing its previous policy in this area, the NLRB notes that a valid union security contract will not bar an election if (1) a majority of employees have voted within the previous year to rescind the union's authority to make a union-shop agreement; or (2) the local union or its affiliated parent union is not in compliance with the filing requirements of the act.

DURATION OF CONTRACTS

A major change has been made by the NLRB in its rulings concerning the maximum length of time during which an otherwise valid contract will be allowed to stand in the way of a representation election.[1] The labor board will no longer allow this period to be of

[1] As previously defined by the board, a schism only exists when there is a basic conflict at the highest international level.

[2] These questions are covered in Keystone Coat, Apron and Towel Supply Company et al, and Local Union No. 397, International Brotherhood of Teamsters, ind., 121 NLRB No. 125.

[1] The case discussing this issue is Pacific Coast Association of Pulp and Paper Manufacturers and Amalgamated Lithographers of America, ind., Locals 17, 36 and 22. 121 NLRB No. 134.

more than two years' duration, even if a substantial part of the industry concerned is covered by contracts of longer duration. Valid contracts running for more than two years will preclude elections only for the first two years of their term. Contracts having no fixed term, or terminable at will, will not bar new representation elections at any time.

In making this change, the NLRB acknowledges that there has been a trend to longer-term contracts over the past twenty years. Even so, says the labor board, it believes that most contracts still run for two years or less. And, declares the board, it is convinced that at this time it should not allow contracts to bar elections beyond two years, as it has "extended the latitude which contracting parties have in providing for, and executing, modifications of their contract in midterm without removing their contract as a bar to rival petitions."[1]

In eliminating the former practice of allowing parties to introduce evidence showing that a substantial part of their industry was covered by long-term contracts, the NLRB maintains that the old practice proved "administratively burdensome" and introduced an "undue degree of uncertainty into the determination of whether a particular long-term contract will be a bar for its duration."

THE TIMING OF PETITIONS

A fourth decision released by the NLRB concerns the question of the timing of rival claims and petitions.[2] In the past, the labor board had held that an unsupported ("bare") claim for recognition by a rival union, if it were followed by the filing of a petition within ten days, was sufficient to prevent a contract signed during these ten days from barring an election. This ruling, called the General Electric X-Ray Doctrine, has now been abolished.[3] According to the NLRB, it had become "a means of disrupting the stability of labor relations and placing the parties who are in the process of negotiating a contract in a state of uncertainty."

Instead, the new NLRB ruling spells out precisely when rival petitions will be considered timely. An "insulated period" of sixty days immediately preceding and including the expiration date of a contract[1] is established. During these sixty days no rival petitions may be filed, and the parties are left free to negotiate a new or amended agreement. From 150 through sixty-one days before the contract expiration date, rival petitions will be accepted. (They will be considered premature if filed more than 150 days before the expiration date of the agreement and will not be accepted by the NLRB.)

If the parties to a contract do not reach agreement within the sixty-day insulated period, and the contract contains no automatic-renewal clause, or if the parties have forestalled automatic renewal, then a petition will be timely if filed (1) after the terminal date of the old contract and (2) before the execution date or before the effective date of any new contract, whichever is later. However, a petition filed subsequent to the sixty-day period, but on or after the effective date of a contract negotiated within that period will be untimely.

Automatic Renewal of Contracts

The labor board has made several changes in the provisions regarding changes in a contract. For instance, where a contract contains an automatic renewal clause, but either party has given notice of a desire to negotiate changes in the contract, the contract may not be considered renewed for contract-bar purposes. This will hold even if there is provision or agreement for continuation of the contract during negotiations.

Changes During the Term of an Agreement

The labor board has considerably liberalized the amount of change that can be negotiated by the parties during the term of an agreement, without removing the contract as a bar to an election. Regardless of the scope of a modification provision—and even if permission to strike or lock out in support of demands is allowed— the contract will bar elections unless the contract is actually terminated.

ADEQUACY OF CONTRACTS AND EFFECT OF CHANGED CIRCUMSTANCES UPON CONTRACTS

Two final areas in which the NLRB has revised some of its contract-bar rulings relate to the adequacy

[1] These changes are discussed in the Deluxe Metal case. However, since this ruling was announced, the NLRB has qualified its meaning somewhat. In the Independent Paper Stock Company decision (Case No. 20-RC-3636) a five-year contract with the Pulp, Sulphite and Paper Mill Workers running from 1955 to 1960 was amended substantially at its reopening date in 1958. Changes included a new wage scale, liberalized vacation benefits, and new working hours. The amended contract was signed on July 20, 1958 and made effective as of June 1 for wages and July 21 for working hours. A petition for a representation election was filed on July 29 by the International Longshoremen's and Warehousemen's Union, independent. The NLRB, however, dismissed this petition as untimely, stating that the original contract had been amended sufficiently to constitute a new agreement and thus bar a subsequent petition.

[2] Deluxe Metal Furniture Company and the Sheet Metal Workers International Association, AFL-CIO, 121 NLRB No. 135.

[3] The NLRB notes, however, that the abolition of the General Electric X-Ray Doctrine leaves undisturbed the effect given substantial claims. The board cites as examples of such substantial claims the following situations: "where an incumbent union continues to claim representative status, or where a nonincumbent union has refrained from filing a petition to establish its representative status in reliance upon the employer's conduct indicating that recognition had been granted or that a contract would be obtained without an election." If, says the board, "under these circumstances, the employer nevertheless executes a contract with another union, that contract will continue not to bar an election. Retention of the status given substantial claims is regarded as desirable because such claims arise in situations indicating unsavory practices."

[1] Unless, of course, the contract runs for more than two years. In such case, the insulated period is the sixty days before the two-year anniversary date of the contract.

of contracts[1] and the effect of changed circumstances upon contracts.[2]

In the first-named area, the NLRB has adopted a rule that in order to constitute a bar to an election a contract agreement must be signed by all parties prior to the filing of a representation petition. If the agreement specifically provides that before it becomes effective it must be ratified by other parties, then the contract cannot be a bar to an election until this step is also completed. A master agreement that does not become effective until local agreements have been completed is likewise not a bar to an election during this interim period. The previous board ruling that oral agreements do not preclude an election is continued.

In dealing with the substance of contracts, the labor board maintains that an agreement must contain "substantial terms and conditions of employment." If it deals only with wages, for example, it will not constitute an election bar. Nor can the contract apply only to union members. It must "clearly by its terms encompass the employees sought in the petition . . . and embrace an appropriate unit."

Lastly, the NLRB examines situations where radically changed circumstances are found between the time of signing of a contract and the filing of petitions. For example, the board adopts the rule that a contract does not bar an election if it is executed (1) before any employees have been hired, or (2) prior to a substantial increase in personnel. (For a contract to bar an election at least 30% of the employees at the time of the hearing must have been employed when the contract was executed, and 50% of the job classifications must have been in existence.)

The board has not materially revised its former policy concerning changes made in the *nature* of the operation. Any contract negotiated before the change will not serve as a bar to a new election. But where a company has merely relocated operations, accompanied by a considerable number of employees, without change in the kinds of jobs and functions, the contract will continue to serve as a bar to an election.

MARIE P. DORBANDT
Division of Personnel Administration

[1] Appalachian Shale Products Company and United Brick and Clay Workers of America, AFL-CIO. 121 NLRB No. 149.

[2] General Extrusion Co., Inc., et al., and Local 411, Metal, Precision and Electronics and Production Workers, ind., 121 NLRB No. 147.

Management Bookshelf

Are You Listening?—Listening is a skill, maintain the authors of this book, which can be improved through training and practice just as can reading, writing and speaking. In order to obtain improvement the first step is to impress the individual with the importance of listening, and this is what the authors attempt to do at the outset. Next they demonstrate how we listen, and finally they show how this analysis can be applied for more effective listening. Exercises and practical suggestions are given for providing listening experience. These exercises have been used by the authors themselves in their work, respectively as teacher and communications consultant in industry. *By Ralph G. Nichols and Leonard A. Stevens. McGraw-Hill Book Company, New York, New York, 1957, 235 pp., $3.75.*

See . . . Hear . . . Mr. Businessman—This is the 1958-1959 issue of a catalogue which lists a wide range of motion pictures and film strips available for rental. *Issued by The City College, Bernard M. Baruch School of Public and Business Administration, Audio-Visual Center, New York 10, New York, 55 pp. It is available for free distribution.*

Sales Compensation Methods and Policies of Texas Wholesalers—This is a study of compensation methods for salesmen used by Texas wholesalers in the grocery, hardware and drug business. The method found to be the most prevalent was a combination of guaranteed compensation (salary) and bonus incentives (commissions). Of the 1,053 salesmen studied, only eighty-seven received just a salary with no opportunity to earn additional pay under some type of incentive system, while only 111 (all among the 199 drug salesmen included in the study) were paid on a strictly commission basis. *By Alfred L. Seelye and Frank M. Bass, Bureau of Business Research, The University of Texas, Austin, Texas, 1957, 51 pp., $1.*

As Unions Mature: An Analysis of the Evolution of American Unionism—Times change and so do labor organizations. This volume attempts to examine some of the ways in which American labor unions in general and, briefly, five major unions in particular, have changed over the years. The author considers some of the external influences—for example, management and public attitudes toward unions—as well as internal ones. Among the questions with which the author is concerned are: What factors influence the aging of our unions? What moderates their militancy and hardens their arteries? What constitutes the settling-down process and how far will it progress? And, what do past trends imply for future public policy? *By Richard A. Lester, Princeton University Press, Princeton, New Jersey, 1958, 171 pp., $3.75.*

The Man in Management—A short, breezy book which the author says grew out of "some twenty years of effort in presenting the facts of human nature to college student, supervisor, foreman, manager, and executive." Seven human relations "tools" are described. They are: the need to control, to listen, to explain, to appreciate, to stress the positive, to criticize gently, and to treat each man as a person. *By Lynde C. Steckle, Harper & Brothers, New York, New York, 1958, 144 pp., $4.*

Vacations for Exempt Supervisors

An examination of the vacation practices of 363 companies shows how supervisors' vacations are computed and how they compare with those of the rank and file

MOST COMPANIES are in agreement as to the primary purpose of granting vacations to employees. Vacations give the employee an opportunity to rest up or seek some form of recreation from the everyday work routine without loss of pay. This periodic absence from the factory and office is intended to be mutually beneficial to companies and their employees, although in practice some employees could well use another vacation to recuperate from the strenuous activities of the first one.

In order to learn how exempt first-line supervisors in factory and office are treated vacation-wise, The Conference Board studied the practices of 363 companies—262 manufacturing and 101 nonmanufacturing.[1] In a not very surprising instance of unanimity, all cooperators in the study say they give their supervisors an annual paid vacation. Of more interest, perhaps, all but twenty-seven, or 7%, of the companies described their formulas for computing length of vacations. A vast majority of the cooperators—314, or 87%—say annual vacations are geared to length of service. The remaining twenty-two, or 6%, of the cooperators have fixed vacation allowances that remain constant regardless of length of service. (See Table 1 for listing of company practices according to industrial classifications.)

FACTORY AND OFFICE PRACTICES

With the exception of a few cooperators—less than 4%—companies follow a single practice in computing vacation allowances for all first-line supervisors, whether in factory or office.

In fact, the few companies that do follow different practices for the two groups of supervisors indicate the variances are only minor. Usually, the maximum vacation allowances are the same for both groups, the difference being in eligibility for this maximum, with one group getting it sooner than the other. In these cases, the first-line supervisors in the office appear to have the advantage.

Examples of company practices indicating specific differences between factory and office supervisors follow:

- Factory supervisors get two weeks after one year of service with no allowances for less than one year of service. Office supervisors are credited with vacation allowances after one month of service at the rate of one day per month not to exceed the two weeks' allowance for factory supervisors.

- Factory supervisors' vacations are limited to one week after one year of service and two weeks after two or more years. Office supervisors' vacations are of two weeks' duration after one year of service.

- Office supervisors receive an extra day of vacation over factory supervisors for comparable service periods. The basis for computing the allowances for both groups is as follows:

Service Requirement	*Factory Supervisors*	*Office Supervisors*
6 months	5 days	1 week and 1 day
1 year	10 days	2 weeks and 1 day
10 years	15 days	3 weeks and 1 day
25 years	20 days	4 weeks and 1 day

- An exception to the pattern of giving the edge to office supervisors is the company that gives factory supervisors three weeks' vacation after fifteen years of service. Office supervisors are required to have twenty years of service before getting a similar vacation.

COMPUTING VACATION ALLOWANCES

As stated previously, twenty-two, or 6%, of the cooperators say their vacation allowances are fixed without any reference to supervisors' length of service. The allowances range from a low of one week in a single company to a high of four weeks in two companies. There is no service requirement to qualify for vacations in half of the companies. This group includes four companies that give three weeks and two others that give four weeks. The remaining eleven companies have a one-year service requirement to qualify for vacations.

The service requirements and fixed vacation al-

[1] This sample of 363 cooperators varies from the group of 294 companies whose vacation practices for first-line supervisors are reported in Table 22, page 23 in "Time Off With Pay," *Studies in Personnel Policy*, No. 156, 1957. The 363 companies covered in this article participated in a comprehensive nationwide survey of all pay practices—including vacation allowances—for first-line supervisors.

Geographic distribution of the 363 companies, factory and office supervisory mix, size of companies, etc. are described in "Pay Differentials for Exempt Supervisors," *Management Record*, October, 1956, page 340. Related articles, based on the 363 companies, in *Management Record* are "Fringe Benefits for Exempt Supervisors," January, 1957, page 10; "General Pay Adjustments for Supervisors," March, 1957, page 78; and "Individual Pay Adjustments for Supervisors," May, 1957, page 154.

lowances for the twenty-two companies are as follows:

Service Requirement	Vacation Allowances	Number of Companies
None	1 week	1
None	2 weeks	4
None	3 weeks	4
None	4 weeks	2
1 year	2 weeks	10
1 year	3 weeks	1
Total companies		22

The remaining 314 companies that described the basis for computing their vacation allowances follow the practice of varying vacations in accordance with length of service. The most prevalent practice is to have a range of from one to three weeks' vacation time. Approximately 32%, or 100 of the 314 companies, follow this practice. About one-quarter—eighty-three companies— have a spread of two to three weeks; forty-one companies, or 13%, use a range of two to four weeks; and twenty-seven others, or less than 9%, give one to four weeks of vacation. The practices of the remaining sixty-three companies vary widely. (See Table 2.)

Vacation allowances of less than one week, indicated in Table 2, represent the practices of those companies that prorate the basic vacation of one week when the

Table 2: Graduated Vacation Allowances Geared to Length of Service

Vacation Allowances	Number of Companies
1.53 hours-2 weeks	1
40-120 hours	1
96-120 hours	1
5/6-15 days	2
1 day-2 weeks	2
1 day-3 weeks	18
1 day-4 weeks	4
2 days-2 weeks	1
3-15 days	1
4 days-2 weeks	1
10-20 days	2
1-2 weeks	13
1-3 weeks	100
1-4 weeks	27
2-3 weeks	83
2-4 weeks	41
3-4 weeks	1
Other	15
Total companies	314

Table 1: Practices Governing Vacation Allowances for First-Line Supervisors

Industrial Classification	Number of Companies	Graduated Vacation Allowances	Fixed Vacation Allowances	No Information
Manufacturing industries				
Aircraft and parts	8	8	—	—
Automobiles, trucks and parts	10	9	—	1
Electrical machinery and equipment	30	28	1	1
Fabricated metal products	15	13	2	—
Food and kindred products	22	20	1	1
Furniture and fixtures	5	3	1	1
Industrial chemicals, fertilizers, paints, etc.	23	22	1	—
Instruments and related products	5	4	1	—
Leather and leather products	8	7	—	1
Nonelectrical machinery and equipment	41	35	2	4
Paper and allied products	12	11	—	1
Petroleum products	10	10	—	—
Pharmaceuticals and soaps	13	10	1	2
Primary metals—ferrous and nonferrous	15	13	—	2
Printing and publishing	2	2	—	—
Railroad equipment	5	5	—	—
Rubber products	7	7	—	—
Stone, clay and glass products	15	15	—	—
Textile mill products	9	8	1	—
Tobacco products	3	3	—	—
Miscellaneous	4	1	1	2
Total manufacturing	262	234	12	16
	100%	*89%*	*5%*	*6%*
Nonmanufacturing industries				
Airlines	8	6	2	—
Banking	16	13	1	2
Insurance	23	15	2	6
Pipelines	2	2	—	—
Railroads	8	6	2	—
Retail trade—department and variety stores	14	10	3	1
Utilities—light, heat and power	30	28	—	2
Total nonmanufacturing	101	80	10	11
	100%	*79%*	*10%*	*11%*
Total manufacturing and nonmanufacturing	363	314	22	27
	100%	*87%*	*6%*	*7%*

service requirement is less than six months or a year. Thirty companies also prorate vacation allowances further along in the vacation schedule. For example, one company gives three weeks for fifteen years of service and four weeks after twenty years. But the fourth week is reached by a graduated increase of one additional day off for each year of service over fifteen. Following are two other vacation schedules that illustrate prorating practices:

Service Requirement	*Vacation Allowance*
6 months — 1 year	1 week
1 — 5 years	2 weeks
5½ — 6½ years	2 weeks and 1 day
6½ — 7½ years	2 weeks and 2 days
7½ — 8½ years	2 weeks and 3 days
8½ — 10 years	2 weeks and 4 days
10 years and over	3 weeks

(Electrical equipment company)

1 — 5 years	2 weeks
6 — 8 years	2 weeks and 1 day
9 — 10 years	2 weeks and 2 days
11 — 12 years	2 weeks and 3 days
13 — 14 years	2 weeks and 4 days
15 years	3 weeks
16 — 18 years	3 weeks and 1 day
19 — 20 years	3 weeks and 2 days
21 — 22 years	3 weeks and 3 days
23 — 24 years	3 weeks and 4 days
25 years and over	4 weeks

(Printing and publishing firm)

The minimum service required to qualify for maximum vacation allowances is shown in Table 3 in the next column.

Special Anniversary Vacations

Table 2 lists fifteen companies as having "other" vacation schedules that cannot be clearly presented in a table. These companies follow the unique practice of giving something extra for "very long service." After a specified number of years, the first-line supervisors, as well as other exempt employees, receive extra vacation time.

For example, a medium-size chemical company has a vacation schedule made up of two components—"standard vacation" and "merit vacation." The standard component provides each supervisor thirteen work days of vacation per calendar year during the first twenty-four years of service. (However, no employee qualifies for the standard vacation until one year after the date of original employment.) After a supervisor completes his twenty-fifth year of service, he qualifies for three additional days, making a total of sixteen days of standard vacation time with pay.

However the addition of the merit component of the schedule permits a supervisor with twenty-five years of service to earn a vacation of thirty-six days per calendar year. And long-service employees with less than twenty-five years of service also benefit. Here's how the plan works.

In addition to the thirteen to sixteen days of standard vacation, exempt employees receive additional days of merit vacation as follows:

- Five additional days per calendar year for the tenth, eleventh, twelfth, thirteenth and fourteenth anniversary years.
- Ten additional days per calendar year for the fifteenth, sixteenth, seventeenth, eighteenth and nineteenth anniversary years.
- Fifteen additional days per calendar year for the twentieth, twenty-first, twenty-second, twenty-third and twenty-fourth anniversary years.
- Twenty additional days per calendar year beginning with the twenty-fifth anniversary of service with the company.

An office equiqment manufacturer gives its supervisors a vacation of three months' duration with full pay once every five years beginning with the twenty-fifth anniversary date of employment. In the years between the quinquennial vacations, the supervisors

Table 3: Service Required to Qualify for Maximum Vacation Allowance

Service Requirement	Number of Companies
To qualify for maximum vacation of 4 weeks:	
2 years	1
15 years	1
20 years	15
25 years	55
30 years	1
35 years	1
40 years	1
	75
To qualify for maximum vacation of 3 weeks:	
6 weeks	1
1 year	3
3 years	2
4 years	1
5 years	5
7 years	1
10 years	23
12 years	6
14 years	1
14½ years	1
15 years	154
17 years	1
20 years	3
25 years	2
No information	2
	206
To qualify for maximum vacation of 2 weeks:	
10 months	1
1 year	7
2 years	4
3 years	1
5 years	3
Hired before January 1	1
Hired before May 1	1
	18
Total all companies	299

receive four-week vacations. The full vacation schedule is as follows:

Service Requirement	*Vacation Allowance*
Up to 10 years	1 day for each month with
10 years	maximum of 10 days
11 years	2 weeks and 1 day
12 years	2 weeks and 2 days
13 years	2 weeks and 3 days
14 – 24 years	2 weeks and 4 days
25 years	3 weeks
26 – 29 years	3 months
30 years	4 weeks
31 – 34 years	3 months
35 years	4 weeks
36 – 39 years	3 months
40 years	4 weeks
etc.	3 months

A banking firm follows a similar pattern, but its vacation schedule is not quite as liberal. Supervisors get only a two-week vacation each year during the first nineteen years of service and three weeks a year beginning with the twentieth anniversary. However, beginning with the twenty-fifth anniversary and in every fifth year thereafter, the vacation is increased to four weeks. During the intervening years between these quinquennial vacations, the schedule reverts to the three-week vacations.

Among the fourteen retail trade cooperators is a department store that has a different arrangement. It gives its supervisors a "second" annual vacation for long service. Vacation allowances for the first ten years of service are normal for the industry. Employees hired before January 1 of the current year get a summer vacation of one week; they get twice this amount if placed on the payroll prior to January 1 of the previous year. In all cases the allowances are referred to as "summer vacations." A second, winter vacation is granted to employees beginning with their tenth anniversary. One additional week of winter vacation is given for service of ten to nineteen years and two weeks per year beginning with the twentieth anniversary. While this schedule rewards the long-service employee with a second vacation, it also has the advantage of permitting him to split his vacation.

A pulp and paper manufacturing company, using a single vacation schedule for all hourly and salaried employees including exempt supervisors, grants prorated vacations. The minimum service requirement is three months. For each month of service, employees are credited with 6.66 hours of vacation time per month up to a maximum of eighty hours—equivalent to two weeks. This allowance continues during the first fourteen years of service followed by three weeks with equivalent pay for the next ten years. Then when employees have completed twenty-five years with the company, they have a choice of four weeks with equivalent pay or three weeks with four weeks of pay.

Table 4: Number of Companies Reporting on Factory and/or Office Supervisors

Report on:	No. of Companies
Manufacturing companies	
Both office and factory	234
Factory only	24
Office only	4
Total reporting on factory	258
Total reporting on office	238
Nonmanufacturing companies	
Both office and factory	39
Factory only	3
Office only	59
Total reporting on office	98
Total reporting on factory	42

COMPARISON OF VACATION PRACTICES FOR SUPERVISORS AND THOSE SUPERVISED

Cooperators were asked to indicate whether their vacation schedules and vacation pay practices for supervisors also apply to the employees they supervise.[1] As might be expected the practices vary. Not all companies extend the practices to both factory and office personnel subordinate to supervisors. And there are differences based on whether companies are in manufacturing or nonmanufacturing industries.

Of the 262 manufacturing firms that make up the sample, 234 reported on pay practices for both factory and office supervisors. The remaining twenty-eight reported only on one or the other—twenty-four factory only and four office only. This means that a total of 258 companies reported on factory supervisors, while a total of 238 reported on office supervisors. The pattern of coverage is quite different for the 101 nonmanufacturing cooperators. Here only thirty-nine reported on both factory and office supervisors. The other sixty-two firms reported on only office or only factory—fifty-nine office and three factory. Here the totals are ninety-eight firms reporting on office supervisors, and forty-two on factory. (See Table 4.)

The high ratio of nonmanufacturing cooperators reporting only for office supervisors is due, of course, to the fact that many have no factory operations. In contrast, most manufacturing companies have both factory and office operations, and thus employ both types of first-line supervisors.

Vacation Schedules

About two-fifths (101) of the 258 manufacturing cooperators reporting on factory operations say vacation allowances for supervisors and those they super-

[1] For purposes of the survey, first-line supervisors were arbitrarily defined as supervisors who are exempt from the Fair Labor Standards Act and oversee factory or office operations with managerial responsibilities for organizing and directing the efforts of nonexempt production, maintenance, clerical or technical employees. Examples of titles used by cooperators for identifying first-line supervisors are: supervisors, assistant supervisors, section supervisors, section heads, section managers, floor managers, unit supervisors, foremen, assistant foremen, sub-foremen, and department heads.

vise are computed in accordance with the same service requirement. And about three-fifths (138) of the 238 manufacturing firms reporting on office operations say they follow this same procedure in computing vacation allowances for office supervisors and their subordinates.

On the other hand, thirty-five of the forty-two nonmanufacturing cooperators reporting on factory operations say vacation allowances for supervisors and those supervised are computed on the same basis regarding service requirements. And eighty-one of the ninety-eight nonmanufacturing firms follow the same procedure in computing vacation allowances for office supervisors and those they supervise. In other words, there seems to be a greater tendency toward uniform vacation allowances for supervisors and those supervised among nonmanufacturing firms.

Vacation Pay

More companies follow the same practice in computing vacation pay for supervisors and those supervised than in computing earned vacation time. And again, the nonmanufacturing firms seem to be more consistent in this practice than the manufacturing firms.

About 45%, or 117, of the 258 manufacturing cooperators reporting on factory operations and an almost equal number—119 out of 238—reporting on office operations compute earned vacation pay in the same manner for supervisor and those supervised. For example, if the scheduled workweek for factory operations did not vary from a base of forty hours during the year for which vacation time was earned, a supervisor's vacation pay is computed at the rate of one week's pay for each week of vacation allowance; his subordinates are paid on the same basis—forty hours' pay for each week of vacation.

All but two of the forty-two nonmanufacturing firms reporting on factory operations and about 85%, or eighty-three, of the ninety-eight nonmanufacturing firms reporting on office operations compute earned vacation pay in the same manner for supervisors and those supervised. A majority of the fifteen cooperators using different methods for computing vacation pay for office supervisors and their subordinates indicate that the subordinates may receive proportionately more vacation pay than their supervisors. Supervisors receive their regular base salary for each week of vacation, but subordinates receive a stipulated percentage of gross earnings, including pay above base rates, for earned vacation allowances. Two cooperators in this group of fifteen have incentive pay plans for clerical workers. In both cases, they receive vacation pay equal to a percentage of total annual earnings while their supervisors are paid no more than their base salary equivalent.

A somewhat similar condition prevails where the factory practices differ between supervisors and those supervised. In many instances, vacation pay of nonsupervisory employees takes into consideration base hourly rates and the "extras" such as shift differentials, overtime, bonus earnings under incentive plans, and "long" workweeks. But supervisors can expect no more than the equivalent of base pay.

Several cooperators among the manufacturing firms listed one or more of the following as bases for computing vacation pay of supervised employees:

- Base rate plus incentive bonus
- Average hourly earnings of the prior six months
- Base rate plus an allowance for overtime that is not in excess of a specified number of hours
- Average weekly earnings of the preceding twelve weeks
- Percentage of gross annual earnings
- Either the average of straight-time hourly earnings of the previous year or the current hourly base rate, whichever is higher
- Percentage of gross annual earnings of the previous year plus an additional allowance for length of service
- Base hourly rate plus average hourly incentive bonus earnings of the previous four weeks
- Two per cent of the previous year's gross earnings for each week of vacation earned
- Forty-four hours of pay for each week of vacation

In other words, the survey indicates that while exempt first-line supervisors, in many instances, get "longer" paid vacations than the employees they supervise, supervisors' vacation pay is "proportionately less," even though their base salary rates are higher.

NICHOLAS L. A. MARTUCCI
Division of Personnel Administration

Management Bookshelf

Modern Safety Practices—This book provides a practical guide to the latest methods of safety organization and administration. It is directed toward motivating managers and supervisors to a more active role in accident prevention. Through properly directed safety effort, the author believes supervisors can control accidents, boost production, improve worker-manager relationships and sharpen their concepts of human relations. Thus, he stresses the need to design safety programs that will conform to modern management practices.

A coverage of newly developed and tested safety methods is presented in four phases: the development of safe working conditions, job hazard analysis and personalized safety training, promotion of employee safety participation, and the enforcement of safety rules. *By Russell DeReamer, John Wiley & Sons, Inc., New York, New York, 1958, 357 pp., $7.*

Labor Press Highlights

Union Convention Roundup

MORE THAN a score of unions, including the Steelworkers; Rubber Workers; Oil, Chemical and Atomic Workers; and the International Chemical Workers, held conventions this fall. In some cases these conventions were relatively quiet affairs. In others, however, the convention atmosphere was characterized by heated debates.

The Steelworkers' Convention

An appeal for unity, voiced by President David McDonald in his opening address, set the theme for the Steelworkers' convention, reports *Steel Labor*. Delegates were warned by Mr. McDonald against the destructive attacks of enemies within the union, as well as against attacks by leaders of industry "who think that we are weak and this is the time to give us the 'works'."

Mr. McDonald's reference to enemies within the union referred principally to the opposition to his leadership by a group calling itself the Dues Protest Committee. This committee, led by Donald C. Rarick, was formed to protest the decision of the 1956 Steelworkers' convention to raise the union's monthly dues rate from $3 to $5. In 1957 Mr. Rarick opposed Mr. McDonald for the presidency of the union.

The 1958 convention, reports *Steel Labor*, voted "with a vengeance" against the attempt of the Dues Protest Committee to reduce monthly dues to $3 or $4. And without referring to the Dues Protest Committee by name, an "overwhelming" majority of the convention's 3,523 delegates passed a resolution directing local unions and the international executive board to take "prompt and vigorous action" against the leaders of this group for having violated the Steelworkers' constitution. The resolution described the committee as "a small group of persons in our union, who, under the guise of protesting a constitutional dues increase, are in fact seeking to undermine the union as an institution, are advocating dual unionism, attempting to destroy or weaken the union as a collective bargaining agency, and carrying on slander and libel."

In other convention action, delegates received a report on a special study dealing with pension, insurance and SUB coverage among Steelworkers in the United States. According to this report, described in *Steel Labor*, more than 70% of all Steelworkers in the United States are covered by insurance, pension and SUB programs (782,073 members, employed under the terms of 492 contracts). Another 167,960 members (or slightly more than 15%) are covered by pension and insurance programs, but not SUB, under the terms of 548 contracts. The remaining Steelworker members are covered to the following extent:

Kind of Coverage	*No. of Contracts*	*No. of Steelworkers Covered*
Insurance coverage only	1,120	123,950
Insurance and SUB (no pension)	55	6,322
Either pensions and SUB; pensions only; or SUB only	10	2,470
Not covered at all	173	8,902

This special study, says the journal, also found that the smaller the size of the company, the more difficult it is to establish pension, insurance and SUB programs.

The Oil, Chemical and Atomic Workers' and International Chemical Workers' Conventions

Meeting in separate conventions, the Oil, Chemical and Atomic Workers and the International Chemical Workers revived interest in the possibility of their merger. Merger has been discussed on an on-and-off-again basis over the past several years. But this time, a timetable to be followed in exploring the question further was approved by the conventions of both unions. As reported in the OCAW's *Union News*, this timetable sets up the following four-step procedure:

1. The top international officers of both unions are to meet to draft a proposed constitution for a merged organization.
2. A larger group, consisting of the above international officers plus members of the executive boards of the two unions, is to meet between March 15 and May 15, 1959 for joint deliberations of merger problems.
3. Both unions (which hold their conventions annually) will hold their 1959 conventions at the same time and in the same city.
4. In the meantime, "expanded cooperation between the OCAW and the ICWU in the fields of organizing, education, collective bargaining, and items of interest to both unions" is encouraged.

However, there are hints of possible complications to the prospect of merger. *Union News* reports heated OCAW convention debate over the proposal. And elsewhere in the same publication, a local union mem-

ber, in a letter to the editor, voices objections that merger talks are being "rushed." This member, an oil industry employee, fears that the oil segment of the union will "be shoved further back into the corner" if the chemical divisions predominate.

Another complication may arise from the recent proposal by the International Union of Operating Engineers for their merger with the Chemical Workers. According to the *AFL-CIO News,* the 283,000-member Operating Engineers' union has met with the 80,000-member Chemical Workers' union to discuss the setting up of an Oil and Chemical Division, apparently within the existing structure of the Operating Engineers.

Finances, too, may prove a stumbling block to merger between the OCAW and the ICWU. The present per capita tax paid by members of the Chemical Workers' union is $1.50 a month. The Oil, Chemical Workers, on the other hand, during their convention raised the per capita tax from $1.50 to $2 a month. An attempt to raise the *minimum* dues rate to $5 a month from $3 was defeated, but delegates voted to increase the *maximum* dues rate from $5 to $8.

Another important convention action taken by the Oil, Chemical and Atomic Workers concerns the revision of its bargaining goals for the oil industry. Last February when the OCAW outlined its bargaining program for 1958, it included the following provisions:

1. Four months' advance notice of layoffs, if they will affect more than 5% of a bargaining group over a year's time.
2. Severance pay for laid-off employees.
3. Cost of living increases and a 3.5% annual productivity increase.

Although this program would have been beneficial to the oil companies as well as to the employees, says *Union News,* "no company showed an interest in it." Therefore, at the convention, the OCAW bargaining policy committee adopted a new program. While the program calls for intensification of attempts to secure its earlier goals, the union offers to consider "realistic counterproposals." For example, says the union, a contract will now be approved if in lieu of the February proposals it contains a 25-cent an hour general increase.

Postal Union Ends Race Restrictions

The National Postal Transport Association, AFL-CIO, has voted to eliminate its constitutional provision that membership in the organization be restricted to "Caucasians or North American Indians only." Delegates to the union's recent convention, reports the *AFL-CIO News,* amended their constitution after two hours of debate. The vote was seventy-six to twenty-nine—six votes more than the required two-thirds majority. The constitutional restrictions on membership had been in effect since 1911.

In other convention action, the association approved a resolution to study the possibility of merging all postal unions into one organization, with the stipulation that each member union be allowed to retain its identity. According to the *AFL-CIO News,* the principle of merger or federation has already been approved by two other postal groups, the Letter Carriers and the Post Office and Postal Transportation Service, both AFL-CIO. The National Federation of Post Office Clerks, AFL-CIO, however, has voiced its opposition to such a move. In the *Union Postal Clerk,* this union maintains the conviction that the various groups of postal employees will "have more vigorous and effective organizations if each maintains its identity and fights for full protection of the rights of its members."

MARIE P. DORBANDT
Division of Personnel Administration

Management Bookshelf

Union Labor in California, 1957—This volume is the latest in an annual series on union membership in California published by the state's Department of Industrial Relations. In addition to a geographical breakdown of the composition of union membership, this year's volume includes a section on the various types of union security provisions found in California collective bargaining agreements. *California Department of Industrial Relations, San Francisco, California, 1958, 38 pp., no price given.*

The American Labor Movement—This volume is a compilation of various writings on the subject of American unionism, with special emphasis on recent trends. The book is divided into six sections, covering historical background, organized labor today, and labor's activities and objectives in our economic and political society. Special sections are also devoted to "right to work" laws, Taft-Hartley, and racketeering. Forty-eight articles, written by union and management spokesmen, are included. *Edited by Walter M. Daniels, H. W. Wilson Company, New York, New York, 1958, 223 pp., $2.* (Volume 30, Number 3 of The Reference Shelf Series)

Participation in Union Locals—Some unions have an active membership; others do not. This study attempts to explore the differences and similarities between active and inactive members, and between officers and members. In this connection, four local unions were studied for such characteristics as organizational structure; leadership; and individual members' attitudes toward the local union, the international, and the company for which they work. *By Arnold S. Tannenbaum and Robert L. Kahn, Survey Research Center, University of Michigan, Row, Peterson and Company, Evanston, Illinois and White Plains, New York, 1958, 275 pp., $5.50.*

Significant Labor Statistics

Item	Unit	1958 Sept.	August	July	June	May	April	March	Year Ago	Percentage Change: Latest Month over Previous Month	Percentage Change: Latest Month over Year Ago
Consumer Price Indexes											
All Items (NICB)	1953 = 100	107.5	107.4	107.4	107.5	107.3	107.2	106.8	105.3	+0.1	+2.1
Food	1953 = 100	107.1	107.2	107.8	108.1	107.8	107.6	106.4	103.6	−0.1	+3.4
Housing	1953 = 100	106.7	106.6	106.5	106.8	106.8	106.8	106.8	105.7	+0.1	+0.9
Apparel	1953 = 100	102.1	101.9	101.9	102.0	102.0	102.2	102.0	101.8	+0.2	+0.3
Transportation	1953 = 100	110.4	110.4	109.8	109.1	108.8	108.5	108.5	107.6	0	+2.6
Sundries	1953 = 100	110.7	110.5	110.0	109.8	109.7	109.6	109.4	108.0	+0.2	+2.5
Purchasing value of dollar	1953 dollars	93.0	93.1	93.1	93.0	93.2	93.2	93.6	95.0	−0.1	−2.1
All Items (BLS)	1947–1949 = 100	123.7	123.7	123.9	123.7	123.6	123.5	123.3	121.1	0	+2.1
Employment Status[1]											
Civilian labor force	thousands	68,740	70,067	70,473	70,418	68,965	68,027	67,510	68,225	−1.9	+0.8
Employed	thousands	64,629	65,367	65,179	64,981	64,061	62,907	62,311	65,674	−1.1	−1.6
Agriculture	thousands	6,191	6,621	6,718	6,900	6,272	5,558	5,072	6,518	−6.5	−5.0
Nonagricultural industries	thousands	58,438	58,746	58,461	58,081	57,789	57,349	57,239	59,156	−0.5	−1.2
Unemployed	thousands	4,111	4,699	5,294	5,437	4,904	5,120	5,198	2,552	−12.5	+61.1
Wage Earners[2,3]											
Employees in nonagr'l establishm'nts	thousands	p 51,110	r 50,555	r 50,178	50,413	49,949	49,726	49,690	52,692	+1.1	−3.0
Manufacturing	thousands	p 15,692	r 15,453	r 15,161	15,206	15,025	15,104	15,355	16,903	+1.5	−7.2
Mining	thousands	p 709	712	r 705	717	711	716	733	818	−0.4	−13.3
Construction	thousands	p 2,928	r 2,960	r 2,882	2,806	2,685	2,493	2,316	3,018	−1.1	−3.0
Transportation and public utilities	thousands	p 3,897	r 3,899	r 3,907	3,904	3,874	3,883	3,110	4,201	−0.1	−7.2
Trade	thousands	p 11,124	r 11,005	r 10,984	11,035	10,961	10,940	10,939	11,349	+1.1	−2.0
Finance	thousands	p 2,384	r 2,411	2,410	2,391	2,370	2,356	2,348	2,366	−1.1	+0.8
Service	thousands	p 6,447	r 6,450	r 6,465	6,488	6,455	6,384	6,267	6,412	A	+0.5
Government	thousands	p 7,929	r 7,665	r 7,664	7,866	7,870	7,850	7,822	7,625	+3.4	+4.0
Production and related workers in mfg. employment											
All manufacturing	thousands	p 11,895	r 11,649	r 11,353	11,415	11,245	11,310	11,542	12,993	+2.1	−8.5
Durable	thousands	p 6,531	r 6,342	r 6,270	6,350	6,269	6,337	6,502	7,414	+3.0	−11.9
Nondurable	thousands	p 5,364	r 5,307	r 5,083	5,065	4,976	4,973	5,040	5,579	+1.1	−3.9
Average weekly hours											
All manufacturing	number	p 39.8	r 39.6	39.2	39.2	38.6	38.3	38.6	39.9	+0.5	−0.3
Durable	number	p 40.1	r 39.8	39.4	39.6	39.1	38.8	39.0	40.2	+0.8	−0.2
Nondurable	number	p 39.5	r 39.3	38.9	38.7	38.1	37.6	38.1	39.6	+0.5	−0.3
Average hourly earnings											
All manufacturing	dollars	p 2.14	r 2.13	2.13	2.12	2.12	2.11	2.11	2.08	+0.5	+2.9
Durable	dollars	p 2.30	2.28	2.28	2.27	2.25	2.24	2.25	2.22	+0.9	+3.6
Nondurable	dollars	p 1.95	r 1.94	1.94	1.94	1.94	1.94	1.93	1.90	+0.5	+2.6
Average weekly earnings											
All manufacturing	dollars	p 85.17	r 84.35	83.50	83.10	81.83	80.81	81.45	82.99	+1.0	+2.6
Durable	dollars	p 92.23	r 90.74	89.83	89.89	87.98	86.91	87.75	89.24	+1.6	+3.4
Nondurable	dollars	p 77.08	r 76.24	75.47	75.08	73.91	72.94	73.53	75.24	+1.0	+2.4
Straight time hourly earnings (estimated)											
All manufacturing	dollars	p 2.09	r 2.08	2.09	2.08	2.08	2.07	2.06	2.03	+0.5	+3.0
Durable	dollars	p 2.24	r 2.22	2.23	2.22	2.20	2.20	2.20	2.16	+0.9	+3.7
Nondurable	dollars	p 1.91	r 1.90	1.90	1.90	1.91	1.91	1.90	1.86	+0.5	+2.7
Turnover Rates in Manufacturing[2]											
Separations	per 100 employees	p 3.3	3.2	3.0	2.8	3.5	4.1	4.2	4.4	+3.1	−25.0
Quits	per 100 employees	p 1.5	1.2	0.8	0.8	0.8	0.7	0.7	2.2	+25.0	−31.8
Discharges	per 100 employees	p 0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0	0
Layoffs	per 100 employees	p 1.4	1.6	1.8	1.6	2.4	3.0	3.2	1.8	−12.5	−22.2
Accessions	per 100 employees	p 3.8	3.6	3.2	3.6	2.9	2.5	2.4	3.3	+5.6	+15.2

[1] Bureau of the Census. Beginning with January, 1957, employment status figures reflect slightly modified definitions of employment and unemployment.
[2] Bureau of Labor Statistics
[3] The BLS has adjusted its nonfarm employment and hours and earnings series to first quarter 1955 benchmark levels. The benchmark level is the total count of workers covered in each industry, and in this instance the data were received from government social insurance programs. The adjustment affects all figures since February, 1956.

p Preliminary. r Revised. A Less than .05% change

September Retail Prices Up Slightly

The monthly price picture is followed by a close look at what it cost the "average" motorist to run his car in 1957 as compared to 1955

RETAIL PRICES were relatively stable in September, according to THE CONFERENCE BOARD's index of consumer prices. A slight rise of 0.1% brought the September, 1958 all-items index for the United States to 107.5 (1953=100), which was 2.1% above the September, 1957 level.

The purchasing power of the consumer dollar in September dropped to 93.0 cents (1953 dollar=100 cents), down 0.1 cent from August. Compared with a year ago, the September, 1958 dollar bought 2 cents less in goods and services.

Over the month, retail costs of food were down 0.1%, but this was offset by increases of 0.2% for both apparel and sundries items. Housing prices continued to inch up, registering a 0.1% increase, while the transportation group remained unchanged.

The downward trend of food prices, which started in July of this year, continued in September but with diminishing force. Substantial price hikes for dairy products and eggs kept the food index from slipping more than 0.1%. The dip in food prices came as fruits and vegetables continued their seasonal decline, decreasing 1.8%. Potatoes, although well above the price of a year ago, were down again in September, registering a total drop of 20.1% since May, 1958. The meat, fish and poultry group was off 0.4% as pork prices reversed their upward trend and declined 0.8%; beef was also down slightly. Poultry continued to be a bargain as prices decreased 2.4%, bringing the September price 4.0% below that of a year ago. The "other food" group was down 0.5% as coffee, fats and oil prices continued to fall. Coffee recorded a decrease of 2.0%, the largest drop this year, bringing the price down 12.0% since last September.

The dairy products and eggs group advanced 1.5% with prices of eggs up 5.4% and milk up 0.7%. The cost of cereal and bakery products increased slightly, reflecting a 0.8% hike in bread prices.

The apparel and sundries groups, each up 0.2%, registered the largest increases. The seasonal advance in apparel prices, concentrated in the outerwear groups, gave the main impetus to the apparel index.

Sundries moved up 0.2%, sparked by an 0.5% increase in medical care cost and a lesser increase for personal care items. Recreation and newspaper costs remained unchanged.

Seasonally high fuel prices combined with advances in housefurnishings and home repairs and improvements to cancel a slight decrease in heavy appliance prices; the former were responsible for the higher housing index.

Transportation costs were unchanged; higher public transportation rates were offset by seasonally lower prices on new cars as the market awaited the 1959 models. On the other hand, the used-car market stayed firm as prices registered a 0.3% increase.

Compared with a year ago, costs were higher in all major areas of consumer spending. Food was 3.4% more expensive than in September, 1957. The meat, fish and poultry index was 7.5% above a year ago. The next largest increase was recorded for the transportation group, which was up 2.6%. Sundries costs rose 2.5%, housing 0.9% and apparel 0.3%.

THE COST OF RUNNING A CAR

Stopping in at the neighborhood gas station to "fill 'er up" or to have the chassis lubricated has become more expensive over the years. This analysis attempts to illustrate why it cost the average motorist $835.67 to maintain and operate a passenger car during 1955, when it was new, compared to the $843.84 he had to spend in 1957 to operate the same car. Because operating costs vary with individual driving habits and locale, the figures used here are based on the average prices paid by motorists in the forty cities surveyed for the Board's consumer price index.

To determine how the driving dollar is spent by the "average" motorist, costs are divided into two categories—variable and fixed.

As one would assume, the fixed expenses remain more or less inflexible; although they may vary from car to car and from year to year, they do not depend on the amount of driving done. Among the fixed costs, which are determined by state agencies and the automobile market, are depreciation, license and registration fees and insurance. The variable expenses, which fluctuate with the number of miles driven and the condition of the automobile, include gasoline and oil, servicing and repairs, and replacing such parts as tires. The following tabulation shows total fixed and variable costs for 1955 and 1957.[1]

[1] Costs for 1958 are also developed but because they are not based on full-year data, over-all comparisons were restricted to 1955 and 1957.

Cost	1955	1957
Fixed	$601.73	$593.63
Variable	233.94	250.21
Total	835.67	843.84

Who Is the "Average" Motorist

Expenses for the motorist who uses his car only for pleasure driving were reached by assuming he is over twenty-five years of age; he drives—according to a 1957 National Automobile & Tire Survey conducted by Alfred Politz—about 9,000 miles each year; he is not involved in any automobile accidents; mechanical repairs for his car are seldom needed; and he trades in the car when it is three years old. In addition, since several costs depend on the model of the car, it was assumed that the motorist owned a 1955 model in the low-priced class. (Of course, this does not mean that all owners of 1955 cars are average motorists; this should be remembered when extending costs to any individual motorist.)

Costs Vary with Mileage

Assuming that the motorist's driving habits, car and car performance are the same from 1955 to 1957, increases in his costs would be due only to price changes. The variable costs are summarized in the accompanying table.

Variable Costs for the "Average" Motorist

Item	Average Price per Unit			Total Expenditure		
	1955	1957	1958 (First 9 months)	1955	1957	1958 (First 9 months)
Gasoline (gal.)	$ .284	$ .306	$ .301	$150.24	$161.87	$159.23
Motor oil (qt.)	.39	.44	.45	9.36	10.56	10.80
Chassis lub.	1.38	1.47	1.50	6.90	7.35	7.50
Brake lining	25.19	26.37	26.41	25.19	26.37	26.41
Engine tune-up	10.17	11.98	n.a.	10.17	11.98	n.a.
Tires	23.71	24.06	23.10	32.08	32.08	32.08

n.a. Not available.

Assuming that the car is able to travel approximately seventeen miles on one gallon of regular grade gasoline (based on Consumers Union road tests of 1955 models of the low-priced car), it will consume some 529 gallons during the 9,000 miles traveled over the year. In 1957, the average price for a gallon of regular gasoline was 30.6 cents, making the total expenditure for gas $161.87, an increase of 7.7% from 1955 when the average price was 28.4 cents per gallon. For the first nine months of 1958, the price of gasoline averaged 30.1 cents per gallon, still above the 1955 price, but 1.6% below the price in 1957.

In large part, increases in gasoline prices between 1955 and 1957 reflect hikes in state and federal taxes on that product. In July, 1956, the federal tax on gasoline was raised from 2 cents to 3 cents per gallon. The state excise tax in 1957 (and 1958) averaged about 5.5 cents on a gallon; in 1955 it was 5.0 cents. Therefore, of the 2.2 cents rise in gas prices from 1955 to 1957, 1.5 cents is accounted for by a rise in taxes. Out of every dollar the average motorist spent for fuel in 1957 and 1958, about 28 cents went for state and federal taxes as compared with 25 cents in 1955.

The 1957 Politz Survey indicates that the average motorist changes oil every 2,069 miles. In the course of a year he might change the oil four times. In 1957, when a quart of oil cost about 44 cents (as compared to 39 cents in 1955) there was an outlay of $10.56 for twenty-four quarts of motor oil; this includes an additional quart added between each oil change.

Although it is assumed that the motorist's car remains in reasonably good running order, expenditures for some repairs will be incurred to insure its good condition, as well as servicing at intervals recommended by the car's manufacturer. At average fees, these additional expenses for 1957 would come to: $7.35 for five chassis lubrications; $11.98 for a minor engine tune-up including new parts for the six-cylinder car; and possibly $26.37 to reline the brakes.

Estimating the expense for tires is somewhat more difficult. The original tires which came with the new car may provide about 25,000 miles of travel if they are not rotated and the spare is used only for emergency. Since our average automobile owner trades in his car after three years, he might make the original tires do until then. However, most of the actual outlay for tire replacement is likely to occur during the third year of ownership—in 1957, when four 670x15 all black rayon tires cost $96.24, or $24.06 each, including the federal tax. This expense, of course, was not incurred solely by wear on the tires in 1957, but by gradual depreciation over the three-year period. Therefore, one-third of the total outlay, $32.08, was allocated to each of the three years. In 1957, the average price of a tire was 1.5% over 1955. Indications are that the price of a rayon tire will be less for 1958; by the third quarter the price averaged $23.10.

The Fixed Costs

These costs, which actually depend on the area in which a motorist resides, were calculated as the average of rates applicable to motorists throughout the country. The following table shows these average fixed costs for the car owner:

Item	1955	1957	1958
Registration	$ 11.39	$ 11.57	$11.73
Operator's license	.89	.91	.95
Public liability insurance	48.49	48.29	51.79
Fire and theft insurance	9.72	9.41	9.57
Collision insurance	49.24	41.45	44.79
Depreciation	482.00	482.00	[a]

[a] This figure is not included since the car is to be traded in by that time. All other 1958 figures serve as a basis for comparison.

Consumer Price Index—United States

Cities over 50,000 population
1953 = 100

	ALL ITEMS	FOOD						HOUSING				
		Total	Meat, Fish, Poultry	Cereal, Bakery Products	Dairy Products, Eggs	Fruits, Vege-tables	Other Food at Home	Total	Rent	Fuel, Power, Water: Total	Gas	Elec-tricity
1957 February	103.6	100.5	92.4	107.7	97.2	104.8	111.1	104.8	108.9	108.6	109.5	102.2
March	103.7	100.4	92.5	108.1	96.4	104.2	111.1	105.2	108.9	108.7	109.6	102.2
April	103.9	100.6	93.1	108.6	95.6	105.2	111.0	105.4	109.4	108.8	109.4	102.2
May	104.1	101.1	93.9	108.9	94.7	108.7	110.2	105.4	109.5	108.5	109.5	102.3
June	104.5	102.0	95.7	109.3	94.0	111.3	110.0	105.5	109.6	108.3	109.4	102.4
July	104.8	102.8	97.2	109.6	95.0	111.9	110.0	105.5	110.1	106.6	106.7	102.7
August	105.1	103.5	99.9	109.8	97.4	108.2	110.0	105.5	110.2	106.4	106.8	102.7
September	105.3	103.6	100.3	109.9	99.6	105.4	110.0	105.7	110.3	106.6	107.0	102.7
October	105.4	103.5	99.2	110.2	102.0	104.0	109.0	106.0	110.9	106.9	106.9	102.7
November	105.9	103.5	97.9	110.6	103.4	104.9	108.7	106.1	111.0	107.3	108.4	102.7
December	106.0	103.6	97.8	110.7	103.4	105.3	108.4	106.3	111.1	107.4	108.4	102.7
1957 Annual Average	104.6	102.1	96.0	109.2	98.0	106.5	110.0	105.5	109.9	107.7	108.4	102.5
1958 January	106.3	104.5	99.3	110.9	102.5	108.7	108.5	106.8	111.4	110.1	113.6	103.1
February	106.6	105.4	101.8	111.1	100.9	111.8	108.6	106.9	111.6	110.0	113.7	103.3
March	106.8	106.4	103.5	111.2	100.9	115.4	108.5	106.8	111.6	110.2	114.2	103.3
April	107.2	107.6	105.9	111.4	99.8	120.2	108.2	106.8	111.9	109.8	114.5	103.3
May	107.3	107.8	106.6	111.7	98.4	122.5	108.0	106.8	112.0	109.3	114.9	103.3
June	107.5	108.1	108.0	111.5	97.8	122.7	107.9	106.8	112.0	109.5	115.1	104.0
July	107.4	107.8	108.4	111.7	98.2	119.4	107.6	106.5	112.3	106.5	109.6	104.1
August	107.4	107.2	108.2	111.8	99.6	114.3	107.6	106.6	112.2	106.9	109.8	104.3
September	107.5	107.1	107.8	112.1	101.1	112.2	107.1	106.7	112.3	107.1	110.0	104.3

	HOUSING (continued)		APPAREL			TRANS-PORTATION	SUNDRIES	PUR-CHASING VALUE OF DOLLAR	REBASED INDEXES		
	Furnish-ings, Equipment	Other Household Operations	Total	Men's Apparel	Women's Apparel				All Items (January 1939=100)	Purchasing Value of January, 1939 Dollar	All Items (1947-49=100)
1957 February	100.0	104.8	100.9	102.3	98.4	107.7	105.8	96.5	188.2	53.1	117.9
March	100.4	105.2	101.0	102.4	98.5	107.3	106.1	96.4	188.4	53.1	118.1
April	100.5	105.3	101.1	102.5	98.5	107.4	106.3	96.2	188.7	53.0	118.3
May	100.4	105.5	101.2	102.6	98.5	107.4	106.5	96.0	189.1	52.9	118.5
June	100.5	105.6	101.2	102.6	98.5	107.5	106.7	95.7	189.7	52.7	118.9
July	100.4	105.9	101.2	102.6	98.4	107.6	107.2	95.4	190.3	52.6	119.2
August	100.3	106.4	101.5	102.7	98.7	107.6	107.7	95.1	190.9	52.4	119.6
September	100.8	106.6	101.8	102.8	99.3	107.6	108.0	95.0	191.2	52.3	119.9
October	101.0	107.1	102.0	102.9	99.5	107.4	108.3	94.9	191.4	52.2	120.0
November	101.0	107.3	102.0	103.0	99.5	110.3	108.6	94.5	192.2	52.0	120.5
December	101.0	107.8	102.0	103.0	99.5	110.2	108.9	94.4	192.4	52.0	120.6
1957 Annual Average	100.5	106.0	101.4	102.6	98.8	108.0	107.1	95.6	190.0	52.6	119.1
1958 January	101.0	108.1	102.0	102.9	99.5	109.6	109.1	94.0	193.1	51.8	121.0
February	101.0	108.4	102.0	102.7	99.5	108.8	109.3	93.8	193.5	51.7	121.3
March	100.7	108.6	102.0	102.6	99.6	108.5	109.4	93.6	194.0	51.5	121.6
April	100.5	108.8	102.2	102.9	99.6	108.5	109.6	93.2	194.8	51.3	122.0
May	100.3	109.0	102.0	102.8	99.4	108.8	109.7	93.2	194.9	51.3	122.2
June	100.3	109.1	102.0	102.8	99.4	109.1	109.8	93.0	195.2	51.2	122.3
July	100.0	108.9	101.9	102.6	99.3	109.8	110.0	93.1	195.0	51.3	122.2
August	99.9	109.3	101.9	102.6	99.4	110.4	110.5	93.1	195.1	51.3	122.3
September	100.1	109.4	102.1	102.7	99.5	110.4	110.7	93.0	195.2	51.2	122.3

Consumer Price Index—United States

Annual Averages 1914-1957[a]
1953 = 100

Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar	Year	All Items	Purchasing Value of Dollar
1914	40.3	248.1	1925	67.8	147.5	1936	54.8	182.5	1947	84.7	118.1
1915	40.0	250.0	1926	68.3	146.4	1937	57.2	174.8	1948	90.1	111.0
1916	43.0	232.6	1927	66.9	149.5	1938	55.7	179.5	1949	88.8	112.6
1917	51.3	194.9	1928	65.9	151.7	1939	55.0	181.8	1950	90.0	111.1
1918	59.5	168.1	1929	65.6	152.4	1940	55.4	180.5	1951	97.0	103.1
1919	67.6	147.9	1930	63.4	157.7	1941	58.3	171.5	1952	99.5	100.5
1920	77.8	128.5	1931	57.0	175.4	1942	64.5	155.0	1953	100.0	100.0
1921	66.8	149.7	1932	50.9	196.5	1943	68.2	146.6	1954	100.2	99.8
1922	63.6	157.2	1933	49.0	204.1	1944	69.1	144.7	1955	100.3	99.7
1923	65.4	152.9	1934	51.8	193.1	1945	70.2	142.5	1956	101.9	98.1
1924	66.1	151.3	1935	53.6	186.6	1946	74.9	133.5	1957	104.6	95.6

a Indexes from 1914 through 1919 are for the month of July only and are not annual averages.

Consumer Price Indexes for Individual Cities

NOTE: These indexes show changes in consumer prices only. They do NOT show intercity differences in price level or standards of living.

Cities Surveyed Monthly

	1953=100			Percentage Changes	
	Sept. 1958	Aug. 1958	Sept. 1957	Aug. 1958 to Sept. 1958	Sept. 1957 to Sept. 1958
Chicago					
All Items	109.7	109.9	107.8	−0.2	+1.8
Food	107.6	108.5	104.8	−0.8	+2.7
Housing	111.5	111.5	110.7	0	+0.7
Apparel	102.7	102.5	102.2	+0.2	+0.5
Transportation	113.6	113.7	109.7	−0.1	+3.6
Sundries	111.6	111.3	109.7	+0.3	+1.7
Houston					
All Items	107.5	107.8	105.7	−0.3	+1.7
Food	106.3	107.4	104.8	−1.0	+1.4
Housing	106.3	106.2	106.2	+0.1	+0.1
Apparel	103.6	103.3	103.2	+0.3	+0.4
Transportation	111.9	111.9	107.4	0	+4.2
Sundries	110.1	110.1	106.3	0	+3.6

	1953=100			Percentage Changes	
	Sept. 1958	Aug. 1958	Sept. 1957	Aug. 1958 to Sept. 1958	Sept. 1957 to Sept. 1958
Los Angeles					
All Items	106.9	106.8	105.1	+0.1	+1.7
Food	106.1	105.5	103.6	+0.6	+2.4
Housing	104.9	104.9	104.4	0	+0.5
Apparel	102.9	102.6	101.9	+0.3	+1.0
Transportation	110.0	110.3	107.1	−0.3	+2.7
Sundries	111.0	111.2	108.4	−0.2	+2.4
New York					
All Items	108.1	107.8	105.6	+0.3	+2.4
Food	110.1	109.3	104.5	+0.7	+5.4
Housing	106.7	106.5	105.7	+0.2	+0.9
Apparel	100.0	99.9	100.8	+0.1	−0.8
Transportation	117.5	117.8	116.6	−0.3	+0.8
Sundries	107.9	107.8	106.0	+0.1	+1.8

Cities Surveyed Quarterly

	1953=100			Percentage Changes	
	Sept. 1958	June 1958	Sept. 1957	June 1958 to Sept. 1958	Sept. 1957 to Sept. 1958
Atlanta					
All Items	105.7	105.6	103.8	+0.1	+1.8
Food	104.0	104.7	100.8	−0.7	+3.2
Housing	105.8	104.8	105.0	+1.0	+0.8
Apparel	101.1	100.6	100.8	+0.5	+0.3
Transportation	110.3	111.4	106.8	−1.0	+3.3
Sundries	108.1	107.8	106.6	+0.3	+1.4
Cleveland					
All Items	107.6	107.6	106.3	0	+1.2
Food	103.9	106.2	103.3	−2.2	+0.6
Housing	107.1	106.9	106.2	+0.2	+0.8
Apparel	104.1	103.4	103.2	+0.7	+0.9
Transportation	110.9	109.6	108.8	+1.2	+1.9
Sundries	113.9	112.4	110.9	+1.3	+2.7
Denver					
All Items	107.1	107.6	104.7	−0.5	+2.3
Food	105.7	108.5	102.9	−2.6	+2.7
Housing	105.6	105.0	104.0	+0.6	+1.5
Apparel	102.6	102.7	101.8	−0.1	+0.8
Transportation	110.7	111.4	107.4	−0.6	+3.1
Sundries	111.6	110.5	108.3	+1.0	+3.0
Des Moines					
All Items	107.4	107.8	105.9	−0.4	+1.4
Food	105.4	107.0	104.9	−1.5	+0.5
Housing	104.9	105.0	104.3	−0.1	+0.6
Apparel	103.3	103.1	102.8	+0.2	+0.5
Transportation	112.7	112.4	109.9	+0.3	+2.5
Sundries	114.1	113.6	109.6	+0.4	+4.1
Evansville					
All Items	104.0	104.3	102.2	−0.3	+1.8
Food	98.8	101.3	97.6	−2.5	+1.2
Housing	103.4	103.3	102.9	+0.1	+0.5
Apparel	102.1	101.8	101.4	+0.3	+0.7
Transportation	111.0	111.4	107.7	−0.4	+3.1
Sundries	109.4	106.5	104.5	+2.7	+4.7
Huntington-Ashland					
All Items	108.8	109.2	106.3	−0.4	+2.4
Food	106.2	107.6	104.2	−1.3	+1.9
Housing	108.9	108.4	106.6	+0.5	+2.2
Apparel	103.8	104.1	103.9	−0.3	−0.1
Transportation	115.0	115.7	111.6	−0.6	+3.0
Sundries	112.9	112.7	108.3	+0.2	+4.2

	1953=100			Percentage Changes	
	Sept. 1958	June 1958	Sept. 1957	June 1958 to Sept. 1958	Sept. 1957 to Sept. 1958
Indianapolis					
All Items	106.3	105.8	104.7	+0.5	+1.5
Food	103.5	104.8	101.0	−1.2	+2.5
Housing	106.5	106.4	106.0	+0.1	+0.5
Apparel	101.9	101.1	101.6	+0.8	+0.3
Transportation	109.1	106.5	107.6	+2.4	+1.4
Sundries	110.6	108.7	107.7	+1.7	+2.7
Kansas City					
All Items	106.7	106.9	104.8	−0.2	+1.8
Food	101.8	103.7	101.0	−1.8	+0.8
Housing	106.2	105.7	104.6	+0.5	+1.5
Apparel	100.0	99.9	99.6	+0.1	+0.4
Transportation	109.2	109.0	106.4	+0.2	+2.6
Sundries	116.9	116.3	112.7	+0.5	+3.7
Lansing					
All Items	108.1	108.2	106.6	−0.1	+1.4
Food	110.1	110.9	106.5	−0.7	+3.4
Housing	105.9	105.7	106.0	+0.2	−0.1
Apparel	101.9	101.2	101.7	+0.7	+0.2
Transportation	111.7	112.0	109.8	−0.3	+1.7
Sundries	109.7	109.6	108.3	+0.1	+1.3
Milwaukee					
All Items	105.5	105.2	104.0	+0.3	+1.4
Food	101.5	103.3	100.5	−1.7	+1.0
Housing	104.9	104.4	104.3	+0.5	+0.6
Apparel	100.6	100.0	99.9	+0.6	+0.7
Transportation	112.3	109.5	108.7	+2.6	+3.3
Sundries	110.6	109.1	107.8	+1.4	+2.6
Pittsburgh					
All Items	108.2	107.6	105.0	+0.6	+3.0
Food	107.3	107.6	103.2	−0.3	+4.0
Housing	108.3	107.8	106.7	+0.5	+1.5
Apparel	105.8	105.1	104.2	+0.7	+1.5
Transportation	108.8	106.8	103.0	+1.9	+5.6
Sundries	111.0	109.3	106.9	+1.6	+3.8
Portland, Ore.					
All Items	107.0	106.7	105.2	+0.3	+1.7
Food	105.2	105.7	102.5	−0.5	+2.6
Housing	105.6	104.7	105.7	+0.9	−0.1
Apparel	102.2	101.8	101.8	+0.4	+0.4
Transportation	111.2	111.0	105.4	+0.2	+5.5
Sundries	111.2	110.8	109.8	+0.4	+1.3

Although it is seldom realized until trade-in time, the greatest single expense for the motorist is the depreciation of his car as it ages. The annual rate of depreciation depends, of course, on how the motorist disposes of his automobile. In 1955, the average delivery price for that year's model of a low-priced car with standard transmission was $1,881. By the last quarter of 1957, the average retail selling price of such a car, based on the National Automobile Dealers Association official used-car guides, was $1,158.

However, for this study it was assumed that the average motorist traded in his car at the end of 1957 for a new one in the same price class, which had an average delivery price of about $2,280. Assuming that the motorist was offered the average wholesale price of $834 by an automobile dealer for the 1955 car, it would involve a cash outlay of $1,446 for the new car; this could be considered as depreciation on the old car—or about $482 for each of the three years—which covers both price escalation for the new car and depreciation of the old.

The cost of registering the automobile and obtaining an operator's license has increased only slightly since 1955; the average cost in 1957 was about $11.57 to register the car and 91 cents to get a driver's license. In many states the motor vehicle registration fee is a flat rate for all cars; in others the rate depends upon the weight of the car. Since the motorist owned the same vehicle during 1955 and 1957 and lived in the same area, the 1.6% rise in the registration fee is the result of rate increases by the states.

The premiums paid for insurance will depend mainly on the locale, age of the car and the driver, and the type of insurance. To determine the average motorist's insurance bill, it was assumed that the driver is over twenty-five, uses the car only for pleasure driving, and carries public liability, fire and theft, and collision ($50 deductible) insurance. The premiums in 1957 throughout the country ranged from a high of $181.03 to a low of $59; and the average bill was $99.15. Insurance rates applicable in 1957 indicate a decrease of 7.7% since 1955. However, rates for 1958 are just a shade below those in 1955, and 7.1% higher than those in 1957.

Leona D. Lewis
Division of Consumer Economics

Executive Death Benefits

(Continued from page 381)

this study: profit sharing is the sole retirement income plan in two; in four others, it supplements a pension plan; and one company has a thrift plan.

Contributory pension plans also provide death benefits—whether the executive dies before or after retirement. In these plans, the widow is guaranteed that, at a minimum, she will receive all of the executive's contributions to the pension plan with 2% or 2.5% interest. (If death occurs after retirement, any benefits already paid to the executive are subtracted, of course.) This provision is relevant in twenty-six of the companies—that is, in all but the twelve noncontributory plans among the thirty-eight companies with pension plans.[1]

Six of the companies fund their pension plans through individual annuity policies purchased from an insurance company and held in trust by the bank trustee. This type of arrangement provides that any executive covered by the plan is covered for life insurance, until retirement, equal to 100 times the monthly retirement benefit which he would receive at retirement (one of the companies provides $1,000 of life insurance for each $120 of annual retirement income). This provides an appreciable amount of life insurance. For example, assuming an executive is making $15,000 a year and has thirty years to work before retirement, he is covered by the following life insurance in addition to that provided by the group life plan:

Company 1:	$40,000	(in addition to $10,000)
Company 18:	$39,260	(in addition to $30,000)
Company 3:	$37,500	(in addition to $15,000)
Company 34:	$25,000	(in addition to $30,000)
Company 35:	$20,000	(in addition to $30,000)
Company 10:	$15,000	(in addition to $22,500)

Two companies provide a *monthly* pension to the widow of an executive who dies between age fifty-five and sixty-five. In one company the widow receives a monthly benefit for ten years; this benefit is equal to the executive's early retirement pension calculated as if the executive had retired at the time he died. The other company uses a similar approach except that the monthly benefit continues until the widow dies. The benefit is calculated by the normal retirement benefit formula but is reduced 5% for each year prior to sixty-five that the executive died.

Another company provides for the widow of a retired executive by automatically continuing one-half of the executive's retirement income to her until she dies or remarries. No reduction is made in the execu-

[1] In all but three pension plans, an executive has the option of providing that, should he die after retirement, his widow will receive a monthly income until she dies; of course, he must be willing to take a smaller pension during his lifetime. In four plans, the executive's full pension is guaranteed to him or his widow for ten years; in six plans, this "ten-year certain" arrangement is an option the executive can choose—but his pension will be smaller.

tive's normal retirement check as is the case where he chooses this device as a joint and survivor's option.

In contrast, one company automatically cuts the executive's pension to provide one-half this amount to his widow should she outlive him, and it provides this benefit for all children under eighteen if his widow dies. The benefit continues until the widow dies or remarries or until eligible children reach eighteen or marry. The cut in the executive's pension is not restored should he live longer than his wife. If an executive with twenty years of service dies before retirement, the same benefit is available to his widow or children under the same terms.

Finally, one company provides two different types of survivor benefits, which are related to the pension plan, but the executive must pay for these benefits in addition to his contributions to the retirement plan. These survivor benefits are paid if the executive dies prior to normal retirement and has twenty years of service at the time he dies. One benefit is a lump-sum payment to any beneficiary the executive names: the benefit is five times the annual rate of the retirement annuity accumulated at the time of his death. The other benefit is a monthly income to his widow for her lifetime. If the executive dies after age sixty, the benefit is 40% of the retirement annuity accumulated at the time of death. If the executive dies before age sixty, the benefit is ½% of his annual earnings at the time he dies for each year he was in the retirement plan. In either case, if his widow is more than five years younger than he, an adjustment is made. She can choose an immediate monthly income reduced 1% for each month in excess of sixty months that she is younger than her husband or the full benefit deferred one month for each three months in excess of sixty that she is younger than her husband.

LIFE INSURANCE AFTER RETIREMENT

Executives, like other employees, usually have some reduced part of group life insurance extended to them after they retire—generally without cost to them. Only nine of the thirty-five companies from whom information is available on this point do not continue life insurance for executives after retirement. And one of these companies has a widow's pension for death after retirement.

Five companies rely on the paid-up insurance which the executive has bought with his own money over the years. However, one company adds $1,000 of company-paid protection, and another provides a widow's pension for death after retirement as well.

Considering the size of the insurance protection an executive has while employed, five companies in effect give only token coverage after retirement. In these companies the executive receives company-paid protection of $2,000, $1,000 or $1,500.

Of the remaining sixteen companies that continue life insurance after retirement, four require the executive to pay a part of the premium on the reduced insurance which is continued. One company reduces coverage immediately to 20% of that in force prior to retirement, and another cuts coverage 10% a year for five years until half of the former coverage is in force. Another company continues $2,000 of coverage at no cost to the executive, but the executive pays part of the premium for added coverage equal to one year's salary. (If this is over $18,000, the excess is reduced 20% each year.) In the other company, the executive contributes for five years; then the company pays the full premium. The minimum coverage is $10,000; any amount over this in force prior to retirement is reduced 10% a year until one-half of the excess is in force.

In the other twelve companies, reduced life insurance after retirement is paid for entirely by the company. Among the ten plans for which information is available, protection is reduced over five years until 20%, 25%, 40% or 50% of the coverage in force prior to retirement is reached. Another company continues $20,000 of preretirement protection, and any amount in excess is cut 10% per year. One company cuts the life insurance to equal the annual pension check. One reduces coverage to 1% of preretirement protection for each year of service; another provides 2¼% of original coverage for each year of service.

HARLAND FOX
Division of Personnel Administration

Management Bookshelf

Special Days, Weeks and Months—Three hundred and fifty legal holidays, religious observances and business promotion events are listed by the Chamber of Commerce of the United States in the 1958 edition of this work.

Special days and weeks in each month are listed chronologically, to permit advance planning of promotional events. And the names and addresses of sponsors and the purpose of each event are given. *Compiled by the Chamber of Commerce of the United States, 1615 H Street, N. W., Washington 6, D.C., 1958, 43 pp., 50 cents a copy for one to nine copies (may be ordered from the domestic distribution department).*

Cases on Human Relations in Management—Although this collection of seventy-five cases studies was intended primarily for use in courses in business administration, it is well adapted for use in supervisory and management development courses. Each case presents a human relations problem arising from a business situation. Answers are not provided, but questions are included to help the reader analyze the problems and arrive at valid decisions. In an introduction, the authors explain the case method of instruction. *By Richard P. Calhoon, E. William Noland and Arthur M. Whitehill, Jr., McGraw-Hill Book Company, New York, New York, 1958, 444 pp., $6.*

Christmas Bonus

(Continued from page 373)

A few graduated dollar plans are based on position. In each case these plans occur in companies where different plans also exist for other groups of employees. The bonus amount and the positions covered are shown for two of the six plans in this category.

Bonus Amount	Position
*$50 to $100, depending on classification	Junior management
20 to 50 depending on classification	Office employees
35	Supervisory
*100	Salesmen, foremen and department heads
75	Assistant foremen
50	Foreladies and assistants to foremen

Graduated Weeks of Pay

Just twelve of the seventy-two graduated plans calculate the bonus in weeks of pay. All of these are based on service. Usually the bonus amount increases between a grouped interval of years. The plans differ widely, both as to service requirement and the number of weeks' pay given. The extent of the variation may be seen from the following selected samples:

	Bonus Amount	Service Requirement
*	1 week's pay	1 year
	1.5 week's pay	2 years and under 4
	2 weeks' pay	4 years or more
*	3 weeks' pay plus 5% cost of living adjustment	1 year and under 10
	4 weeks' pay plus 5% cost of living adjustment	10 years or more
*	2 weeks' pay	1 year
	4 weeks' pay	2 years
	5 weeks' pay	3 years and under 5
	7 weeks' pay	5 years and under 10
	10 weeks' pay	10 years or more
*	16 hours' pay	1 year and under 3
	24 hours' pay	3 years and under 5
	32 hours' pay	5 years and under 10
	40 hours' pay	10 years or more

There is no homogeneity in the plans beyond the fact that they are all expressed in weeks of pay. Some apply to hourly; some to salaried; others to both.

The first two plans listed above cover all employees in the company. The third plan applies only to exempt and nonexempt salaried. And the fourth plan covers only bargaining unit employees.

Graduated Percentages

Twenty-eight of the thirty-seven plans using a per cent of annual earnings are of the graduated type. A distinctive feature of this method of calculating the bonus is its general application to salaried and management personnel. While the other two methods occasionally include these groups, in the main they apply to hourly and exempt salaried employees. The application of the per cent of annual earnings method to salaried employees may be seen in the fact that sixteen of these twenty-eight graduated plans specify position and salary as criteria for the graduation. It is also seen in the fact that the per cent of annual earnings is the only method where length of service is subordinated to other criteria as a basis for increasing the bonus.

And, too, the language of some bonus plans in this group identify them with high-income brackets. For example, one plan provides a bonus of from 2% to 20% of annual earnings "depending on the employee's position and relative contribution to the success of company operations." Another plan specifies a bonus of from 5% to 10% of anuual earnings depending on the grade and position of the "exempt salaried employee."

There is just one instance where the bonus calculated as a per cent of annual earnings applies to hourly employees. In this case the bonus amount is 1% of earnings. While most of the plans in this group are graduated on the basis of position (see Table 2), lack of detailed information in practically every case prevents a more comprehensive analysis.

Sometimes the bonus amount is staggered at income levels:

- 5% of annual salary plus 8.5% of the first $5,000
- 10% of first $5,000; 7% of second $5,000; 4% of salary over $10,000
- 3% of first $5,000; $10 for each additional $500; maximum bonus $300.

The first illustration represents the bonus given in a firm having only salaried employees. It applies to all except officers who are also trustees.

In the last example above both hourly and salaried employees are covered. The plan does not include, however, those who participate in stock options and other incentive awards.

In the cases where bonus plans under the per cent method are geared to service, they sometimes graduate the bonus after each year and sometimes after grouped intervals of years, as was seen in the graduated dollar plans. The following samples are typical of those found in the group.

- 1.5% for the first year, plus ½% for each year up to a maximum of 3.5% for five or more years
- 6% for from 1 to 10 years
  8.33% for from 10 to 25 years
  10% for 25 years or more

Bonus Amounts to Employees with Less than a Year's Service

Ninety-five of the 110 companies include in their bonus plans employees who have less than a year's service. The relatively new employee, however, usually receives a much smaller bonus than other employees in the company. Three-fourths of the companies provide prorated amounts. In most cases, the formula for prorating is not stated. Where it is, the bonus varies from \$5 to \$50, from eight hours' pay to two weeks' pay, and from 1% of earnings to 2%. The following example illustrates how the bonus amount is graduated:

Under 2 months' service	\$5
2 months but under 6 months	10
6 months and under 9 months	15
9 months and under 1 year	20

Most plans, however, have just two bonus amounts for the comparatively new employees. One amount, usually \$5, is for those who have less than six months' service; a larger amount, usually \$10, is for those with six months' service but less than a year's. The largest amount, given in just one plan, is \$25 for less than six months' service and \$50 for service of from six months to one year.

Twenty-eight of the ninety-five companies give a flat bonus amount to all employees meeting the minimum eligibility requirement but not having completed a year's service. These are shown in Table 3.

Table 3: Flat Bonus Amounts Given by Twenty-Eight Companies to Employees with Less than a Year's Service

Calculated in Dollars		Calculated in Weeks of Pay		Calculated in % of Earnings	
Bonus Amount	No. of Companies	Bonus Amount	No. of Companies	Bonus Amount	No. of Companies
\$25	3	2 weeks' pay	1	1%	2
20	3	1 week's pay	2	2%	1
15	3	1/2 week	3		
12.50	2	3/5 week	1		
10	1	2/5 week	1		
7.50	1	1/5 week	1		
5	3				
Total	16	Total	9	Total	3

AN AVERAGE CHRISTMAS BONUS?

As has already been pointed out, the bonus amount depends on many variables. Can these variables be distilled into a composite average for practical use? Hardly. One needs to know the employee's earnings and the kind of plan used—whether uniform or graduated. If the latter, some knowledge about length of service is also necessary. By assuming a given set of conditions, however, one may readily state a bonus amount that has meaning. For example, let us assume a plan graduated by service and earnings as follows:

Length of Service	Basis of Computation
1 year and under 3	\$35 plus 1.5% of salary
3 years and under 5	35 plus 2.5% of salary
5 years and under 10	45 plus 4.5% of salary
10 years and under 15	55 plus 5.5% of salary
15 years and under 20	65 plus 6.5% of salary
20 years or more	75 plus 7.5% of salary

	Bonus Amount
Employee A with 7 years' service and earning \$4,100 a year receives— \$4,100 (.045) + \$45	\$229.50
Employee B with 2 years' service and earning \$6,500 a year receives— \$6,500 (.015) + \$35	132.50
Employee C with 19 years' service and earning \$20,000 a year receives— \$20,000 (.065) + \$65	1,365.00

Obviously, the average bonus for a company with such a plan may differ by hundreds of dollars from the actual bonus received by any one of its employees. Therefore, the average bonus within a given company may not, of itself, be especially meaningful. But contrast the above situation with another plan which provides a \$25 bonus to everyone—regardless of service, position, or earnings—and it becomes immediately apparent that it is even more ill-advised to think in terms of an average for all companies.

With this word of caution in mind, one may examine the data received from sixty-three of the reporting companies on the amount of the average Christmas bonus they gave last year:

Average Bonus	Number of Companies
Under \$10	0
\$10-49	15
50-99	15
100-149	12
150-199	4
200-249	3
250-299	3
300-349	3
350-399	2
400-449	1
450-499	2
550	1
650	1
800	1

BONUS PLANS FOR CHRISTMAS, 1958

At the time the survey was taken early in September, sixty-eight companies (roughly two-thirds) reported that this year they plan to give the same bonus given last year. Several companies report that fewer people will receive the bonus although the formula will remain unchanged. For instance, two state that officers and supervisors will not receive a bonus this year as they did last year due to the recent economic recession. Another company indi-

cates that fewer people will be included this year because of a profit-sharing plan which was recently installed. And still another indicates that only non-exempt employees will receive the bonus this year whereas last year exempt employees were also included.

With but two exceptions the remaining companies were undecided as to whether bonuses would be given, and if so, whether any changes would be made. In virtually every case, the decision was pending a meeting of the board of directors.

In addition, all companies were asked how many years in the past they had given a Christmas bonus. All but three of them have continued the practice for at least ten years. The range in two out of five companies is from ten to twenty years. And, in seven companies, bonuses have been given for forty years or more.

N. Beatrice Worthy
Division of Personnel Administration

Management Bookshelf

Job Design—Meeting the Manpower Challenge—This pamphlet describes the general problems facing industry regarding manpower utilization, and it gives a step-by-step procedure for developing job breakdowns. The author has conducted extensive surveys in the fields of manpower utilization and job design. He describes in practical terms how to change or redesign job patterns so that scientists, technicians and other workers can be utilized to their full capacity. Several case histories are reported for both industry and government, and a comprehensive bibliography is included. *By George A. Hieronymus, Pamphlet No. 15, published by the Society for Personnel Administration, Washington 15, D.C., 1958, 42 pp., $1.*

Noise and Your Ear—Because of legal and legislative developments resulting from hearing loss of employees who work in noisy surroundings, the subject matter of this book is of interest to companies with noisy operations. One section explains the types, causes and treatment of hearing losses; another discusses the effects of noise exposure. Included are a guide for conservation of hearing in noise and, also, compensation and rating scales to estimate hearing loss for speech, the magnitude of the handicap, etc. Three chapters are devoted to the anatomy of the ear and theories of hearing, audiometry, and the history of noise and hearing. *By Aram Glorig, Jr., M.D., Grune & Stratton, New York, New York, 1958, 152 pp., $6.50.*

New Understandings of Leadership—This book takes a new look at the problem of leadership selection and training. It begins with a discussion and evaluation of current viewpoints on the subject of leadership. Next, it examines what research in the behavioral sciences has uncovered with regard to the qualities a leader should have and the role he should play. Finally, it applies these findings to practical business situations and builds a leadership development program that aims at bridging the gap between the leadership methods of the practitioner and the findings of the researcher. *By Murray G. Ross and Charles E. Hendry, Association Press, 291 Broadway, New York 7, New York, 1958, 158 pp., $3.50.*

And Mark an Era: The Story of the Harvard Business School—In the fifty years of its existence the Harvard Business School has contributed much to business. New and creative ideas born in its classrooms have enriched the thinking of the entire business community. For example, it encouraged the rise of the professional manager—the man who can recognize the need to balance the interests of stockholders, employees, customers, suppliers and the public generally. Here is the story of the school from its beginning in a basement classroom to the present—the story of the men and the ideas that helped the school grow, the obstacles and challenges that had to be overcome along the way. *By Melvin T. Copeland, Little, Brown and Company, Boston, Massachusetts, 1958, 368 pp., $6.*

Human Resources—Down through the years many studies have been made of our natural resources. But no earnest attempt was undertaken to develop our human resources until 1950, when President Eisenhower established the Conservation of Human Resources Project at Columbia University. Dr. Ginzberg, who is the director of the project, in this book sets forth the findings and recommendations the group has made over the past eight years. He defines the problems that America faces in developing and using for the good of all the talents and energies of our most important natural resource: human beings. *By Eli Ginzberg, Simon and Schuster, New York, New York, 1958, 183 pp., $3.75.*

The Essence of Management—This book interprets modern management theory and practice for practitioners, teachers, students of management. Scientific management ideas are interwoven with contributions from the social sciences. Business enterprises are described as a system of cooperative activities so as to explain basic management concepts in relation to the social process of achieving objectives. *By Mary Cushing Niles, Harper & Brothers, New York, New York, 1958, 398 pp., $6.*

Stimulating the Will to Learn: Employee Training Incentives—This pamphlet is designed for the use of line executives and training directors. The author believes that no training program can succeed unless the trainees see an incentive for engaging in it. He therefore suggests and discusses broad types of incentives that can be used effectively in stimulating workers to want to better themselves and to use on the job their newly acquired facts, skills and attitudes. *By Homer T. Rosenberger, Pamphlet No. 16, Society for Personnel Administration, Washington 15, D. C., 1958, 38 pp., $1.*

You and Management—This book is aimed primarily at young men and women considering management as a career or seeking advancement within a management structure. Therefore it covers only the broad fundamentals of management. *By Robert T. Livingston and Daniel R. Davies, Harper & Brothers, New York, New York, 1958, 272 pp., $4.50.*

Significant Pay Settlements

Company, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
Allis-Chalmers Mfg. Co. with *IUE* at Norwood, Ohio. 1,250 hourly Effective 8-11-58. Contract expired New contract: 2 years	6¢ per hour general increase or 2.5% whichever is greater Deferred increase: 6¢ per hour or 2.5% whichever is greater Night shift bonus increased to 12¢ per hour (was 10¢)	No change
American Radiator & Standard Sanitary Corp. (American Blower Div.) with *UAW* at Columbus, Ohio and Detroit, Mich. 1,400 hourly Effective 8-25-58. Contract expired New contract: 2 years	6¢ per hour general increase (2.5% average) Additional 8¢ an hour to skilled trades Deferred increase: 6¢ or 2.5% 7-1-59	Revised: Normal pension benefit and disability pension, contributory hospital-surgical plan group life insurance
Crocker, Burbank & Co., Ass'n with *Papermakers & Paperworkers* at Fitchburg, Mass. 1,280 hourly Effective 8-1-58. Contract expired New contract: 1 year	3¢ per hour general increase (1.6% average) Deferred increase: 4¢ per hour 12-15-58	Revised: Basic medical plan
The Firestone Tire & Rubber Co. with *Rubber Workers*. Interstate. 16,000 hourly Effective 6-30-58. Wage reopener Contract expires: 4-15-59	8¢ per hour general increase	No change
National Gypsum Co. with *Cement, Lime & Gypsum Workers* at Ragland, Ala. 600 hourly Effective 9-1-58. Contract expired New contract: 1 year	5¢ per hour general increase (2.8% average)	Added: Vesting provision
Owens-Illinois Kimble Glass Co. with *Glass Bottle Blowers* at Columbus, Ohio. 900 hourly Effective 6-1-58. Contract expired New contract: 2 years. Reopening 6-1-59	4¢ per hour general increase or 2% whichever is greater Shift differentials changed from 4¢ and 6¢ to 6¢ and 9¢	Revised: Normal pension benefit, disability pension, basic medical plan, holiday pay, and paid funeral leave
Oxford Paper Co. with *Papermakers & Paperworkers* at Rumford, Me. 2,450 hourly Effective 7-1-58. Contract expired New contract: 1 year	5¢ per hour general increase	Revised: Normal pension benefit
Sandia Corp. with *Metal Trades Council* at Albuquerque, N.M. 1,325 hourly Effective 7-1-58. Wage reopener Contract expires: 6-30-59	From 8¢ to 9¢ per hour increase	Added: Contributory major medical insurance plan
Silk & Rayon Printers & Dyers Assn. of America, Inc. with *Textile Workers* and *Textile Foremen's Guild, ind.*, at Paterson, N. J. 12,000 hourly (500 salaried) Effective 10-3-58. Both contracts extended without change—Textile Workers' for one year; Foremen's Guild for two years	No change	No change
Union Electric Co. with *IBEW* and *IUE* at St. Louis, Mo. 4,471 hourly Effective 7-1-58 (IBEW signed 8-20-58 and 9-10-58; IUE signed 7-25-58). Contract expired New contract: 1 year	5% general increase (12.8¢ per hour average)	Revised: Normal pension benefit, disability pension, major medical insurance, life insurance, life insurance for retired, company paid sick leave, and paid funeral leave

Significant Pay Settlements—continued

Company, Union[1] and Duration of Contract	Pay Adjustments	Fringe Adjustments
	SALARIED SETTLEMENTS	
11. Durkee's Famous Foods (Glidden Co.) with *Office Employees* at Berkeley, Cal. 26 salaried Effective 8-1-58. Contract expired New contract: 3 years. Reopening 8-1-60 (wages only)	5% general increase (11¢ per hour average) Deferred increase: 5% 8-1-59	Revised: Vacation pay
12. Sandia Corp. with *Office Employees* at Albuquerque, N.M. 1,425 salaried Effective 7-1-58. Wage reopener Contract expires: 6-30-59	3.9% average increase	Added: Contributory major medical insuran plan
13. Silk & Rayon Printers & Dyers Assn. of America, Inc. with *Textile Workers* and *Textile Foremen's Guild, ind.*, at Paterson, N.J. 500 salaried in bargaining units described in #9 above	No change	No change

[1]All unions are affiliated with the AFL-CIO unless otherwise indicated.

Studies in Business Policy

No. 89—Company Contributions—III. Policies and Procedures
No. 88—Inventory Management in Industry
No. 87—Industrial Uses of Radioisotopes
No. 86—Foreign Licensing Agreements—I. Evaluation and Planning
No. 85—Industrial Standardization
No. 84—Marketing Research in Action
No. 83—Prospects for Economic Nuclear Power
No. 82—Operations Research
No. 81—Company Insurance Administration
No. 80—Public Relations in Industry
No. 79—Measuring Salesmen's Performance
No. 78—Industrial Engineering, Organization and Practices
No. 77—Forecasting in Industry
No. 76—Automobile Plans for Salesmen
No. 75—Researching Foreign Markets
No. 74—Atomic Energy Primer for Management
No. 73—Company-Sponsored Foundations
No. 72—Marketing, Business and Commercial Research in Industry
No. 71—Keys to Efficient Selling and Lower Marketing Costs
No. 70—Industrial Security:—III. Theft Control Procedures
No. 69—New Product Development:—III. Marketing New Products
No. 68—Company Tax Administration
No. 66—Financial Management of Pension Trusts
No. 64—Industrial Security:—II. Plant Guard Handbook
No. 63—The Corporate Directorship
No. 62—Controlling Capital Expenditures
No. 61—Techniques of Plant Location
No. 60—Industrial Security:—I. Combating Subversion and Sabotage
No. 59—Trends in Industrial Location
No. 57—New Product Development:—II. Research and Engineering
No. 56—The Duties of Financial Executives
No. 54—Getting Defense Contracts
No. 52—Measuring Dealer and Consumer Inventories
No. 51—Protecting Records in Wartime

In the November Business Record

The Board's Latest Survey—This issue contains a comprehensive initial report on a continuing survey, sponsored by Newsweek, that the Board has undertaken to keep close watch on the dynamic aspects of consumer spending. This first report presents the background which persuaded the Board to enter this field, the survey methods, some of the problems still unsolved, and the results obtained for the period February through September, 1958.

Housing in a Recovery Year—This phase of the building industry has been reacting quite like it did in the two previous postwar recessions by moving up ahead of general business activity. With this head start, is it likely to tire sooner than will business in general?

Is Automation Capital Saving?—Investment in automation equipment makes possible economy in capital outlays and in many other areas. . . . What is the near-term prospect for an increase or a decrease in the ratio of capital expenditures to industrial output?

Is Leasing on the Increase?—Many of the 221 companies cooperating in the survey report increased use of rented items, especially warehouse and plant facilities, automobiles, and trucks. Pointing out that leasing is primarily employed as a means of stretching working capital, this monthly survey of business practices enumerates the particular industrial and financial conditions that act either as deterrents or incentives to leasing policies.

Steel Production and Consumption Gain—Fabricators of steel were still cutting their inventories in the third quarter, but there were some signs that the rate of liquidation was slowing. Steel mills in the same quarter turned out their highest tonnage of the year.

Published by THE CONFERENCE BOARD
460 Park Avenue, New York 22, N. Y.

PRINTED IN U.S.A.

NATIONAL INDUSTRIAL CONFERENCE BOARD·INC

LET THERE BE LIGHT

FOUNDED 1916